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THIS IS

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IOS



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IOS AT A GLANCE

IOS is engaged in mutual fund sales and management, commercial and investment banking and underwriting, insurance and reinsurance, and real estate.

In terms of its sales volume, IOS is the largest distributor of mutual funds and related equity investment products in the world, and, in terms of assets under management, the largest manager of mutual funds outside of the United States.

Sales of IOS investment programmes are estimated to represent nearly 20 per cent of all mutual fund programme business being written internationally.

IOS has the largest international mutual fund sales organization in the world, and has more than 200 offices in over 100 countries throughout the world, with three new offices opening each month.

IOS clients total more than three-quarters of a million.

IOS sales for 1968 were over one and a half billion dollars.

On June 30, 1969, IOS had assets under management of more than \$1.7 billion, an increase of 41 per cent over the first six months of the preceding year.

Every day, IOS's computer complex handles 8,000 transactions, representing between six and seven million dollars of new money.

35,000 new IOS investment programmes are opened every month.

The Fund of Funds, Limited is one of the largest mutual funds outside the United States. Total assets increased by 29 per cent to 797 million dollars at the end of 1968.

I.O.S. Regent Fund Ltd., investing in Canada and the United States, had an increase of 148 per cent in total net assets in 1968.

IIT has, over the past six years, out-performed all mutual funds investing internationally. The Fund had total net assets of 593 million dollars at the end of June, 1969.

The Fund of Funds Sterling, investing in sterling area securities, showed an increase in net asset value per share of 49.3 per cent in 1968.

Fonditalia, the first in a series of regional funds, exceeded the 100 million dollar mark in total net assets in May 1969, just one and a half years after sales began.

The International Life Insurance Company S.A. (Luxembourg) and its subsidiaries had 860 million dollars of insurance in force, with 115,200 lives insured, at the end of 1968.

All real estate and related activities are conducted by subsidiaries of IOS Real Estate Holdings Limited. INDEVCO, the promotional and sales arm, is supervising projects in Spain, the United States, Kenya, Germany and Jamaica. 1968 sales totalled approximately 30 million dollars.

Investors Fonds, the IOS regional fund for Germany, more than doubled its total net assets in the first six months of 1969 to 30 million dollars.

IOS Venture Fund (International) which was launched on March 15, 1969 had total net assets in excess of 100 million dollars in just over two months.

Investment Properties International (IPI), a closed-end corporation which will invest primarily in first-class real estate properties throughout the world, sold shares worth over 100 million dollars during the 30 day underwriting period ending July 20, 1969.

In May 1968, 20 per cent of the shares of Investors Overseas Services Management Limited were offered to the public at a price of Cdn \$12.50 per share. On June 30, 1969, shares of IOS Management were trading at the equivalent of \$133.50 (U.S.).



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INTRODUCTION

Investors Overseas Services (IOS) has had a remarkable development since its modest beginning in 1956, and the IOS complex has grown in many directions.

This expansion and diversification has led to some confusion as to what IOS is, who directs principal companies, how it operates, and so on. "This is IOS" is intended to be a guide to the IOS structure—sales, fund management, insurance, banks and financial companies, real estate, administration and other institutions and operations. Biographies of principal IOS executives are included. Information will be supplemented and updated from time to time.

Note: the financial details contained in this booklet, unless otherwise indicated, are for year end 1968.

THIS IS IOS

I.O.S., Ltd., or Investors Overseas Services, as it is more widely known—is one of the world's largest financial service organizations. It is the parent of an international complex of companies offering mutual fund programs, investment management, investment advice, banking, insurance, real estate and other financial services to an international clientele in all walks of life. In 1966, IOS became the first international firm ever to sell more than one billion dollars in fund investment programs.

IOS also has a business magazine, a data processing facility and a charitable foundation. More than eighty interrelated companies are within the IOS complex. IOS companies exist in many countries around the

world including Canada, Germany, Great Britain, and Luxembourg. Major administrative offices—staffed by over 3,000 employees and executives—are located in Geneva, Ferney-Voltaire (France), Montreal, London, Munich, Hong Kong and Amsterdam. There are more than 12,000 IOS field representatives trained in financial planning techniques and dedicated to serving over 800,000 clients throughout the world. Every month, 35,000 new clients join the ranks of those planning their financial future through IOS and its subsidiaries. Through stock ownership and profit sharing, employees participate in the earnings and growth of the company.

IOS AT THE BEGINNING

MUTUAL FUNDS

IOS at the Beginning

IOS was started in Paris in 1956 by Bernard Cornfeld. Mr. Cornfeld recognized the need among U.S. military personnel, diplomats, businessmen and professional men living outside the United States for financial planning coupled with a sound investment vehicle. He believed that mutual funds (already being sold extensively in the United States) provided such a vehicle. IOS was first organized to enable Americans living in Europe to invest in mutual funds. In 1956, a million dollars in mutual funds programmes were sold by the new firm.

During the formative years of IOS, it became apparent that financial planning was a universal need, as necessary for Europeans, Asians, Africans and Latin Americans as it was for U.S. citizens. A shift of emphasis was effected: the basic IOS product—mutual funds—remained the same, but the market was broadened to include individuals of many nationalities.

After a modest first year, sales volume doubled in 1958 and again in 1959.

In 1958, IOS moved its administrative and executive

headquarters to Geneva. Switzerland offered a stable monetary system, free currency exchange, and laws which safeguarded the anonymity of clients, together with a location in one of Europe's most important financial and banking centres, where excellent communications facilitated the firm's daily operations.

In 1960 IOS was incorporated in the Republic of Panama. The Panamanian corporation was re-constituted as a Canadian corporation in June, 1969, without change in management.

As sales volume continued to double each year, and as the volume of administrative work grew, IOS's facilities in Geneva were strained, and in 1967 a new administrative office centre was developed at Ferney-Voltaire, just across the border in France—five kilometers from the centre of Geneva. At present the Ferney staff numbers over 900. Construction has begun on a new 6 story building to be completed by September 1970, with capacity for over 2,000 employees. Executive branch offices and allied administrative offices continue to be located in Geneva.

Mutual Funds

In addition to offering numerous financial services a major IOS enterprise is the distribution of mutual fund programmes on an international scale. Mutual funds enable investors, both large and small, to pool their capital in order to obtain the advantages of professional management, continuous supervision, diversification and convenience.

Millions of investors throughout the world have put their money to work in professionally-managed funds in which their money may grow and which may enable them to share in the earning power of industry.

Common stocks are the underlying investment of most mutual fund portfolios. Over the years, market prices of common stocks of industrial corporations have generally tended to keep pace with increases in the cost of living. For this reason, common stocks are widely recognized as

a potential hedge against inflation. Mutual funds offer the advantage of many common stocks in a single, conveniently-packaged, professionally managed security.

Until 1962, IOS's sales efforts, for the most part, were concentrated on Dreyfus Fund investment programmes—which are still being offered by its representatives. In 1962, The IOS Investment Programme was launched. This programme was developed as a system for investment especially geared to the needs of the non-American investor. Six IOS funds are offered for investment under this programme: IIT, Fund of Funds, I.O.S. Regent Fund, Fonditalia International, Investors Fonds and IOS Venture Fund (International).

The pages that follow explain the structure and performance of these funds.

IIT, AN INTERNATIONAL INVESTMENT TRUST

IIT provides an opportunity to participate in the long-term growth of the world economy. The fund's assets are invested in leading industries of many countries. The fund is managed by IIT Management Company, S.A., an IOS subsidiary. The management company is assisted by an advisory board of economists and bankers in Tokyo, Milan, New York, Toronto, Madrid and Paris, and correspondents in London, Frankfurt, Geneva, Montreal and Buenos Aires. The Fund's assets are principally invested in securities of companies in the U.S., Japan, Holland, and the United Kingdom.

The primary investment objective of IIT is long-term growth of capital. In pursuit of this objective, management follows a policy of aggressive diversification on an international scale. Investments are concentrated in companies and areas which appear to offer the most favourable opportunities for profit.

Regulations fixed by the government of Luxembourg, where the fund is registered, permit flexibility and latitude in the selection of investment. For example, IIT is allowed

to invest up to 25 percent of its assets in underwritings and other special market situations. Investments of this type are usually available only to institutional investors and not to the general public. Backed by ample resources and guided by professional management, IIT has been able to participate in a number of underwritings and special market situations for the benefit of the shareholders, large and small.

IIT shares may be purchased under The IOS Investment Programme. Among the features offered are: partial liquidation (up to 90 percent), automatic withdrawal plans, plan completion insurance, and reduced sales charge for large investments.

Crédit Suisse, in Zurich, Switzerland, acts as the Depository of Cash for IIT. Banque Internationale à Luxembourg acts as Transfer Agent and Registrar for the fund, and provides certain bookkeeping and administrative services. Montreal Trust Company, Toronto is custodian of securities for the fund portfolio.

IIT—Value of Shares

IIT shares may be purchased and sold freely at a price calculated every business day. When first offered under The IOS Investment Programme, in October 1962, shares were valued at \$3.53 per share. By the end of December 1968, the share price was \$10.21.

In the six-year period, IIT has performed substantially better than the indices of all major stock markets in the world. In fact, over the past six years, IIT has out-

performed all publicly offered mutual funds investing internationally.

It should be noted that this performance record was achieved in a period of generally declining European markets. IIT's gain of 189.2 percent far surpassed the Dow-Jones Industrial Average increase of 94.6 percent during the same period (adjusted for re-investment of dividends).

Management Compensation

For managing the Fund portfolio and performing administrative services, IIT Management Company receives a monthly fee of one twelfth of one percent of the Fund's average total net assets for the month.

Sales costs, promotion and advertising expenses are borne by IOS. The management company, along with IOS, provides office space, accounting and administrative staff and facilities required to conduct Fund business.

Performance Figures

Net Asset Value
Per Share
U.S. Dollars

1962 — October 15	
Initial offering under The IOS	
Investment Programme	3.53
1962 — December 31	3.78
1963 — December 31	4.19
1964 — December 31	4.64
1965 — December 31	6.47
1966 — December 31	6.70
1967 — December 31	8.92
1968 — December 31	10.21

Growth Figures

Total Net Assets
U.S. Dollars

1962 — December 31	3,863,500
1963 — December 31	6,340,000
1964 — December 31	8,066,700
1965 — December 31	17,772,700
1966 — December 31	74,098,300
1967 — December 31	185,505,800
1968 — December 31	474,026,400

THE FUND OF FUNDS, LIMITED (FOF)

The Fund of Funds Limited is an open-end mutual fund with primary emphasis on long-term growth. Assets are principally invested in securities of U.S. and Canadian companies.

Most mutual funds invest in common stock and achieve diversification by investing in the stocks of different companies in a variety of industries. The Fund of Funds is different in that its portfolio is primarily composed of shares of other funds, including portfolio accounts run by selected investment managers under F.O.F. Proprietary Funds Ltd. (see page 10).

For The Fund of Funds' share-owners, this policy increases the advantages of broad management and large-scope investment opportunities through participation in several fund portfolios.

It is obvious that selection is the key factor in common stock investments. Similarly, selecting the best mutual fund for a particular investment objective is just as important—and can be just as difficult.

There are over 350 mutual funds in the U.S. today, and new ones are being constantly introduced. Some funds perform better than others; the best performing fund one year may do poorly the following year. The Fund of Funds' management evaluates the various mutual funds and selects the best funds for investment. Performance records are examined, strengths and weaknesses analyzed, fund portfolios studied, and managements investigated. The soundness of this selection is reflected in The Fund of Funds' record of success to date.

The Fund of Funds' shares may be purchased under The IOS Investment Programme which offers such special features as partial liquidation, automatic withdrawal plans, plan completion insurance, and reduced sales charge for larger investments. The Bank of New York, New York City, is The Fund of Funds' Custodian of Securities. Crédit Suisse, Zurich, receives cash payments and acts as depository for cash. The Montreal Trust Company, Toronto is the Transfer Agent and Registrar.

FOF—Value of Shares

When first offered in September 1962, a share of The Fund of Funds was valued at \$10.00. By the end of December 1968, it had increased to \$26.93, a 169.3 per cent rise in the first six years of the Fund's operation. During the same period, the Dow-Jones Industrial Aver-

age rose 94.3 per cent (including reinvestment of dividends). The Fund of Funds' assets as of December 31, 1968 exceeded 797 million dollars, making it one of the largest mutual funds sold internationally outside the U.S.

Management Compensation

For supervising all phases of the Fund's activities, including the review, purchase and sales of portfolio securities as well as performing administrative services, the FOF Management Company Limited receives a monthly fee of one twenty-fourth of one per cent of the average total net assets for the month. IOS and its subsidiaries act as

distributors of The Fund of Funds' shares. The acquisition charge structure is consistent with that of mutual funds in the U.S.: depending upon the amount invested, there is an acquisition charge ranging, for fully paid programmes, from 8.5 per cent to one half of one per cent.

Performance Figures		Net Asset Value Per Share U.S. Dollars
1962 — September 22 — October 31	Initial offering	10.00
1962 — December 31		10.13
1963 — December 31		12.44
1964 — December 31		14.20
1965 — December 31		18.06
1966 — December 31		17.41
1967 — December 31		24.13
1968 — December 31		26.93

Growth Figures		Total Net Assets U.S. Dollars
1962 — December 31		1,883,574
1963 — December 31		26,372,908
1964 — December 31		111,318,300
1965 — December 31		316,827,600
1966 — December 31		426,239,300
1967 — December 31		617,798,800
1968 — December 31		797,202,500

F.O.F. PROPRIETARY FUNDS LTD.

The Fund of Funds was created in October 1962 on the unique principle of securing maximum performance by investing in a continuously managed portfolio of the best performing U.S. mutual funds. As the Fund grew in size, it became increasingly apparent that top performance results in the U.S. securities markets were being achieved by highly specialised individual investment managers and management teams. Generally speaking, until 1965, many of these people were primarily involved in the management of private portfolios, or served as advisors to publicly offered mutual funds whose assets were so small that The Fund of Funds could not take a meaningful position in them.

In the summer of 1965, The Fund of Funds further revolutionized the mutual fund management concept by setting up proprietary funds to be run by such managers on an individual basis. The immediate performance results were excellent, and the concept of the proprietary fund has enabled The Fund of Funds investors to benefit from the investment expertise of these portfolio advisors.

In May 1967, the proprietary fund accounts were reconstituted under Canadian tax and corporate laws by the establishment of F.O.F. Proprietary Funds Ltd. An immediate result was to permit the portfolio advisors to make investment decisions purely on the basis of prevailing market and investment considerations, since the new organization freed them from the restrictive tax law considerations to which they had previously been subject.

The portfolio of each advisor is continually under review by the Fund's management. Advisors receive an incentive performance fee, with compensation based on the true performance of the assets under their management. Competition among the advisors has been one of the key factors contributing to the Fund's high level of performance. In addition, this diversification of portfolio management—the division of a large fund into a number of moderately sized accounts—has provided a high degree of investment flexibility, a valuable advantage in rapidly changing investment conditions.

Alger Fund account is advised by Fred Alger, who is widely respected for his excellent sense of investment timing. Security Equity Fund, for which Alger is also portfolio manager, was the top performing U.S. mutual fund

in 1965, and among the 15 best performers in 1967. Alger Fund account invests primarily in growth stocks. Its year-end assets were \$95.9 million, or 12 per cent of the Fund portfolio.

Meid Fund account held the second largest percentage of Fund assets: \$81.2 million, or 10.2 per cent of the portfolio as of December 31, 1968. Account advisor David Meid is manager of the Winfield Growth Fund, the fourth best performing fund in the U.S. in 1967. The Meid Fund account selects investment situations based on general market and securities price trends as well as on individual companies' developments and prospects. The Meid account showed a 34.6 per cent increase during 1968.

Groo Fund account is more actively involved in trading than the other proprietary fund accounts (to take advantage of short-term price movements on the market). Its investment advisor, Larry Groo, emphasizes long-term growth through trading profits. The account's year-end assets were \$63.7 million.

Eurodollar Convertible Securities Fund account, created in May, 1968, is designed to tap the immense capital growth potential of Eurodollar convertible securities issues, as well as to derive income from its portfolio. Its year-end assets totalled \$57.9 million, or 7.3 per cent of the portfolio.

Hedge Fund account follows an investment policy of trading for profit in rising stock markets, and of 'selling short' to take advantage of declining securities prices. Its portfolio adviser is Martin Solomon. In 1968, it increased 20 per cent and year-end assets stood at \$48.3 million.

Special Situations Fund account follows a policy of concentrating investments in a relatively small number of issues where there appears to be unusually high profit potential. The account was created in August 1968, and increased 24 per cent during the year. Year-end assets were \$28.3 million.

Natural Resources Fund account, created March 4, 1968, provides further diversification for the Fund's portfolio. The account has invested in a wide variety of natural resource situations, including oil and gas fields, and uranium, sulphur and titanium properties. Preliminary reports indicate an unusually high degree of success in exploration projects. Year-end assets were \$12.6 million.

Real Estate Growth Fund account is designed to permit Fund of Funds investors to profit from the continuing growth of real estate values in many areas of the world. Advisor for this account is INDEVCO, sales, promotional, and operating arm of IOS Real Estate Holdings Limited, a wholly-owned subsidiary of IOS. The account derives its profits primarily from capital appreciation of its portfolio. Year-end assets: \$5.5 million.

Slater Walker Fund account, created on May 6, 1968, is advised by Philip de Laszlo of Investment Analysis Ltd., a wholly-owned investment management subsidiary of Slater Walker Securities Ltd. De Laszlo is portfolio advisor of The Fund of Funds Sterling Limited, which ranks among the top performing funds in the Sterling Area; its share value has increased 133 per cent over the past three years. The account invests in U.S. growth stocks. Year-end assets of the account totalled \$5.1 million.

Guinness Mahon Fund account, opened May 24, 1968, is advised by Martin Brooke, also an advisor of The Fund of Funds Sterling. In addition, Brooke is Director of Guinness Mahon, the well-known London merchant bankers, and of I.I.T. Management Company. Investments are con-

centrated in U.S. growth securities. The account's year-end assets totalled \$4.9 million.

Reifler Fund account, created March 11, 1969, is advised by Donald Reifler, President of Fund Management Corporation. The account invests in growth stocks and had assets of \$61.9 million on June 27, 1969.

Mongello Fund account, launched January 27, 1969, invests primarily in active market leader stocks. James G. Mongello is advisor for the account. Assets at June 27, 1969 were \$3.6 million.

Rovest Fund account, launched January 15, 1969, concentrates investments in low-multiple under-valued situations. Portfolio advisor is Leslie R. Robins, President of Rovest Ltd. Total assets at June 27, 1969 were \$3.8 million.

Waggoner Fund account, created April 21, 1969, is advised by Waggoner Management Company Inc. The account invests in U.S. growth stocks. Total assets at June 27, 1969 were \$42.9 million.

Merridean Fund account, created June 3, 1969, concentrates on capital appreciation. Its portfolio adviser is Paul C. Cardin. Total assets at June 27, 1969 were \$4.9 million.

OTHER FUNDS

Other Funds

Other funds sponsored and/or managed by IOS:

I.O.S. Regent Fund Ltd. was started in Canada in 1958 as an investment vehicle for Canadians and others interested in participating in the expanding Canadian economy. IOS undertook sponsorship and management of the Fund in 1963, when aggregate total net assets were less than 300,000 dollars. Regent's performance record has consistently been among the best of all the Canadian funds. Net assets as of December 31, 1968: 63 million dollars. Net asset value per share was \$11.56, an increase of 17.9 per cent over the previous year.

The Fund of Funds Sterling Limited (operations began in December 1965) employs investment techniques similar to those of The Fund of Funds. Leading British merchant banks and investment advisory firms handle segments of the Fund's portfolio on a discretionary account basis. In February 1969 shares of The Fund of Funds Sterling were offered to investors in several Sterling area countries outside the United Kingdom. Net assets as of December 31, 1968 were £17.3 million. As of December 31, 1968 net asset value per share had increased by 49.3 per cent over the previous year.

Fonditalia, established in November 1967, is one of a series of regional mutual funds set up by IOS. Registered in Luxembourg, the Fund is distributed world-wide through broker-dealers and representatives. In Italy, shares of Fonditalia are distributed by Fiduciaria Europeo-Americana, S.p.A. (FIDEURAM). Fonditalia invests 50 per cent of its assets in the expanding Italian economy and 50 per cent world-wide. As of end of June 1969 the Fund had total net assets exceeding 111 million dollars.

Investors Fonds, a German fund, was launched on March 20, 1968 with an initial per share price of DM 20.00

(\$5.00). The Fund is managed by Investors Fonds Kapitalanlagegesellschaft mbH, with headquarters in Munich. As of June 30, 1969 the Fund's total net assets were 30.2 million dollars.

I.O.S. Venture Fund Ltd. is a maximum performance type open-end mutual fund incorporated under the laws of Canada. The Fund was launched in January 1969 with an initial fixed price of \$5.00 per share. Total net assets were 25.6 million dollars on June 30. I.O.S. of Canada Ltd. is the exclusive distributor for the Fund and its investment advisor is Fred Alger.

IOS Venture Fund (International) N.V. is an open-end mutual fund organized in the Netherland Antilles in February 1969. The Fund was launched on March 15, 1969 and by the end of June 1969 total assets were in excess of \$118 million.

I.V.M. Invest N.V. I.V.M. Invest Management Company Limited, a wholly-owned subsidiary of IOS, manages I.V.M., an investment company organized under the laws of the Netherland Antilles in March 1969. I.V.M. serves solely as the investment vehicle for equity units of insurance policies issued by a new Dutch insurance subsidiary of IOS.

Svenska Internationella Investment Fonden. IOS has concluded an agreement with Investment Planering AB to provide investment advice and technical assistance in the management and administration of Interfond, an open-end mutual fund organized under the laws of Sweden.

Rothschild-Expansion. IOS has concluded an agreement with Banque Rothschild S.A., Paris to provide portfolio management and technical assistance in the sales management and administration of Rothschild-Expansion, a French mutual-fund-like organization.

Insurance

Fund investments and life insurance are integral parts of estate planning. In order to provide its world-wide clientele with broad coverage, IOS established a series of insurance companies to underwrite life insurance on the international market.

All the insurance activities of the group are conducted through the following major subsidiaries of **IOS Insurance Holdings Ltd.**, a nonresident holding company incorporated on November 19, 1965 under the laws of the Dominion of Canada and a 78 per cent owned subsidiary of I.O.S., Ltd.

The International Life Insurance Company S.A.;
The International Life Insurance Company (U.K.) Limited;
The International Reinsurance Company Limited;
The International Life Insurance Company (Malta) Limited;
De Internationale Verzekering Maatschappij N.V.

The International Life Insurance Company S.A. (Luxembourg), and **The International Life Insurance Company (U.K.) Limited**, offer a full complement of ordinary life, term, group and endowment policies as well as a range of Self Retirement annuities and Executive Pension schemes. Both companies reported substantial sales last year. The Luxembourg organization, with 860 million dollars of

insurance in force, served as insurer of group creditor term insurance under the IOS Investment Programme (Capins Programmes).

The British company reported total sums assured of £191.6 million (\$460 million) in 1968, an increase of 87.8 per cent over the previous year. ILI (U.K.) issues the Dover Equity Plan Policy, an equity-based life insurance policy.

De Internationale Verzekering Maatschappij N.V. (IVM) is the group's Dutch insurance company which sponsors The Guilder Plan, an equity-linked insurance policy especially created for the Netherlands.

In April 1968, IOS concluded an agreement with **Deutscher Herold**, an organization representing a major group of German insurance companies. Under the terms of a contract, Deutscher Herold provides term life insurance for IOS investment programs offered in the Federal Republic of Germany. Furthermore, IOS associates in Germany are in a position to offer their clients the full range of insurance coverage provided by the Deutscher Herold group in the fields of property and life insurance. All transactions of this type are handled by **IOS Versicherungs-Vermittlungs-GmbH**, Frankfurt a. Main.

BANKS

COMPUTER INSTALLATION

PUBLISHING

Banks

To meet both its own banking needs and the varied requirements of its clients, IOS operates a number of banking institutions.

Overseas Development Bank, located in Geneva (with branches in London and Luxembourg), provides a complete range of commercial banking services, including specialized investment and estate-management facilities. ODB was one of the first Geneva banks to automate its accounts through use of the latest IBM computer system, a development necessitated by the rapid numerical growth of client accounts. At year-end 1968, ODB reported capital and reserves exceeding 24 million Swiss francs. Total year-end assets were 272 million Swiss francs.

Investors Overseas Bank, Limited, located in Nassau, Bahamas, serves the corporate banking needs of IOS and its subsidiaries and deals only with other institutions.

Investors Bank, Luxembourg, a commercial bank head—quartered in the Grand Duchy, is primarily engaged in underwriting activities.

Orbis Bank, a private bank located in Munich, Germany, is designed to provide general commercial banking services and to serve the German clients of IOS. It is 90 per cent owned by IOS and 10 per cent owned by the German banking firm of Preusker & Thelen. Branch offices of the bank have been opened in Dusseldorf and Frankfurt.

Overseas Development Bank (Bahamas) Limited, located in Nassau, serves as nominee or fiduciary holder of real estate for IOS clients.

Overseas Development Bank (Sterling) Limited, located in Nassau, serves as nominee or fiduciary holder of securities and real property of persons residing in scheduled territories.

In addition, IOS controls a number of banking and related companies to handle secured loans and rediscounting loans to various banking institutions. A complete listing can be found on pages 21 and 22.

Computer Installation

The large number of transactions and the complexity of accounting operations required to serve the many IOS clients made the electronic computer a necessary and logical facility for IOS.

International Scientific Systems Ltd., a data processing affiliate, develops custodial bookkeeping for the IOS Investment Program. In 1967 a complete computer installation was established at Nyon, near Geneva, under contract with the Sperry Rand International Corp. This facility is supplemented by computers in London.

In addition to its use in accounting and recordkeeping, the computer plays an important part as an aid to portfolio management. Analysis of the stock market by computer, although relatively new, has proved its effectiveness and, together with advanced communications systems, has become a key factor in the successful performance of various IOS funds.

Publishing and communications

Business Digest, first published in February 1968, is a monthly magazine covering significant American business, economic and financial events. It is designed for business leaders around the world.

In January 1969 **International Business Digest** was launched in English and German covering news not only from the U.S. but also from the European press. Regional editions of **Business Digest** are planned for England, Canada, the Far East and Italy in 1970. A corporation has recently been established to engage in businesses related to communications.

REAL ESTATE

THE IOS FOUNDATION

Real Estate

INDEVCO, the sales, promotional and operating arm of **IOS Real Estate Holdings Limited**, has launched, on the Costa del Sol, in Spain, the first two in a series of world-wide developments in vacation and retirement real estate. They are **Playamar**, a 971-luxury apartment complex contained in 21 fifteen-storey towers, with two private clubs, two shopping centers and a variety of recreational and entertainment facilities; and **El Rosario**, near Marbella, a luxury villa estate. INDEVCO manages and rents these facilities, and during 1968 had a total sales volume of \$26.8 million. INDEVCO is also supervising the construction, sale and rentals of **The Hemispheres**, a \$43 million luxury apartment and club complex at Hallandale, Florida, and a 17-storey air-conditioned office tower in the business center of Nairobi, Kenya. In June this year, IOS launched **Investment Properties International (IPI)**, a closed-end Canadian corporation which invests primarily in first-class real estate properties, developed and undeveloped land, income producing properties, leaseholds, mortgages, securities of companies primarily engaged in real estate ownership, development, construction, operation and/or management, securities of companies primarily engaged in the development of tourism and related touristic activities. IPI intends to invest a major portion of its assets in the acquisition and construction of de luxe hotels in partnership with a major U.S. hotel organization. Under a joint venture agreement, IPI will provide construction capital and the joint venturer, management of the completed hotels.

The IOS Foundation

The IOS Foundation is the philanthropic arm of Investors Overseas Services. Each year, hundreds of thousands of dollars from the company's profits are given away to worthwhile causes throughout the world. The grants made by the Foundation are often more than doubled by funds raised locally through the activities of IOS representatives and their wives. Indeed, one of the Foundation's criteria for awarding a grant is that an IOS Associate must be personally involved, either with the project itself, or in local fund-raising efforts.

The Foundation was established in 1962, when Bernard Cornfeld, himself a former social worker, visited the Far East and was shocked by the plight of homeless children living in the streets. On his return to Geneva, he proposed that the company's Board of Directors set up a "philanthropic fund" supported by corporate earnings, for charitable purposes in countries where IOS Associates worked and lived.

In its first five years, the Foundation has given away almost \$600,000 to 204 projects in 58 countries. In 1968 alone, it gave \$376,770 to projects in 38 countries. The Foundation's budget is expected to be three times as large in 1969.

The Foundation has expanded in size and scope as IOS has grown. Plans are well under way for the establishment this year of National Foundations or Associations in many countries. The first of these was set up in Geneva in July, 1968, the second in France four months later, and a National Foundation was inaugurated in Germany in March 1969. National Foundations are also projected for Italy, England and Norway, and it is hoped that many more will be in operation by the end of the year.

The Foundation was incorporated in the State of Delaware in 1968 with a greatly strengthened Executive Committee and the ability to bring the successful concept of IOS professional management to philanthropy.

Members of the Executive Committee are: Ambassador James Roosevelt, President; Gladis Solomon, Vice-President; and Max Braude.

THE IOS-SEC AGREEMENT

The United States Securities and Exchange Commission (SEC) issued in Washington May 24, 1967 an Order of Settlement of its longstanding dispute with Investors Overseas Services (IOS).

At the heart of the dispute was the SEC's demand that IOS supply it with a full list of the company's clients regardless of their nationality. This demand was made because of the SEC's contention that under U.S. law any company selling securities to Americans was compelled to open its record to the Commission.

The basic IOS position, as stated in court, was: U.S. securities laws do not apply to purchases and sales of securities which occur wholly outside of the United States. Transactions outside the United States, IOS contended, are subject to the laws of the countries wherein such transactions occur.

In May of 1965, the SEC commenced an investigation of the affairs of IOS and its subsidiaries. IOS offered full cooperation to the SEC and supplied the Commission with a mass of information and statistics on the worldwide activities of the more than 50 companies in the IOS group.

However, the company refused to hand over a full listing of clients and details of their dealings with IOS.

Spokesmen for the company maintained that to do so would violate the laws and business tradition of the various countries in which the company does business, most of which require that client transactions be kept completely confidential. At the time, IOS emphasized that more than 90 percent of its clients were non-American. Following the filing of the SEC's request and its rejection by IOS, the company brought suit against

the Commission in the U.S. Federal Courts for a determination that its activities outside the United States were not subject to SEC jurisdiction.

As a prelude to the settlement, IOS circularized its American clients, who at the time made up between two and three percent of the total sales volume, asking whether they would consent to the company's supplying information to the SEC concerning their accounts with IOS. Approximately two-thirds of those circularized gave their consent, and no information was given to the SEC by IOS without the prior consent of the clients concerned. Under the terms of the settlement neither the SEC nor IOS retreated from its basic position. The settlement did not contain any findings of violation on the part of IOS, nor did it involve any sanctions against IOS. IOS was permitted to withdraw its registration as a broker-dealer; the company agreed that it would not engage thereafter in the offer or sale of securities to U.S. citizens or residents wherever located, with the exception of officers, directors and persons associated with the company on a full-time basis; the company disposed of its entire interest in Investors Planning Corporation on a basis acceptable to the SEC; the company agreed to refrain from future activities falling within the jurisdiction of the SEC; the company agreed to cause the future investments of FOF in securities of U.S. investment companies to come within such percentage limitations as are applicable to U.S. investment companies seeking to make such investments; and the company has taken a series of steps intended to secure compliance with the terms of the SEC Order, and to accomplish a severance of activities within the jurisdiction of the SEC.

SOCIÉTÉ D'INFORMATION IOS S.A. (SIOS)

Société d'Information IOS S.A. (SIOS), a wholly-owned subsidiary of Investors Overseas Services Limited, is responsible for liaison with Swiss banks and financial institutions. SIOS, a Swiss company established in 1967, has its main offices at 119 rue de Lausanne, Geneva, and a branch office in Zurich. All directors and staff members of SIOS are of Swiss nationality. The President of the company is Jean de Muralt.

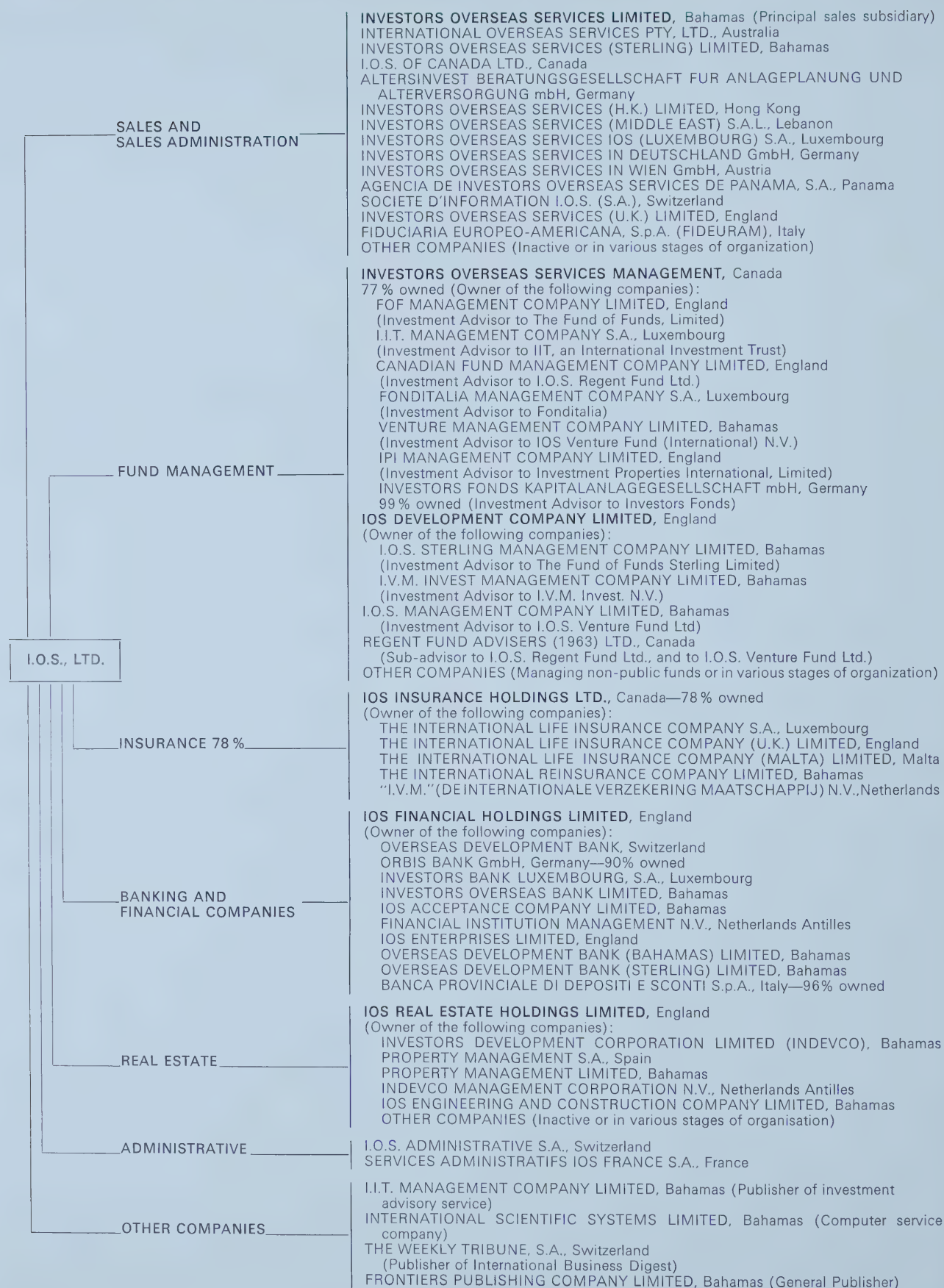
The main responsibility of SIOS is to promote sales and to encourage banks to offer IOS funds as extensively as possible to their clientele.

SIOS is also responsible for performing all necessary services for the 5,000 clients in Switzerland who invested in IOS funds from 1964 to 1967.

In 1967, in accordance with new Swiss legislation requiring that all foreign mutual funds being offered for sale in Switzerland be registered with the Federal Banking Commission, The Fund of Funds, Limited, and IIT, an International Investment Trust, were so registered. Since the registration, direct sales have been discontinued, and all sales are now conducted through banks.

The Caisse d'Epargne du Valais is the permanent representative for The Fund of Funds and IIT in Switzerland in accordance with the Federal Law on investment trusts.

IOS AND PRINCIPAL SUBSIDIARIES



CORPORATE STRUCTURE

IOS was incorporated as a Panamanian corporation, I.O.S., Ltd. (S.A.), in 1960, and re-constituted as a Canadian corporation (I.O.S., Ltd.) in June 1969.

Until very recently, I.O.S., Ltd. was both a holding company and an operating company. In recent years, it has assumed more and more of the aspects of a pure holding company. At the Annual Meeting of the Company held on July 25, 1967, it was determined that the Company should be solely a holding company, with the following functions:

1. Review and evaluation of operations of subsidiaries, including the establishment and approval of subsidiary operating budgets.
2. Maintenance of inter-corporate (subsidiary) relations and liaison.
3. Performance of long-range corporate planning.
4. Corporate finance, including possible mergers and acquisitions.
5. Corporate and institutional public relations and community relations.
6. Providing of legal, corporate data processing, accounting and administrative support services to subsidiaries.

The Officers and Directors of I.O.S., LTD. are:

OFFICERS

Bernard Cornfeld	President and Chairman of the Board of Directors
Edward M. Cowett	Executive Vice President
Allen R. Cantor	Executive Vice President
Kent Gordis	Vice President
George Landau	Vice President
Sir Eric Wyndham White . . .	Vice President
Edward J. Coughlin, Jr. . . .	Secretary
Melvin Lechner	Treasurer
Jay F. Leary	Assistant Secretary
Norman Rolnick	Assistant Treasurer
Lawrence Rosen	Assistant Secretary

DIRECTORS

Count Carl Johan Bernadotte	Erich Mende
Martin M. Brooke	George von Peterffy
C. Henry Buhl III	James Roosevelt
Allen R. Cantor	Martin Seligson
Pasquale Chiomenti	Barry H. Sterling
Bernard Cornfeld	Robert Sutner
Edward M. Cowett	George Tregea
Harvey Felberbaum	Eli Wallitt
Richard Gangel	Ira Weinstein
Richard Hammerman	Sir Eric Wyndham White,
Roy Kirkdorffer	K.C.M.G.
George Landau	Wilson W. Wyatt

The decision to restrict the activities of I.O.S., Ltd. to those of a holding company was accompanied by a decision to group most of the various operating activities of companies within the IOS group under principal operating subsidiaries.

CORPORATE STRUCTURE

The following are the principal operating subsidiaries and the companies which they control:

INVESTORS OVERSEAS SERVICES LIMITED (principal sales company) is organized under the laws of the Bahamas. It is the principal operating sales company in the IOS group of companies and directly or through its sales affiliates distributes mutual funds, equity-linked insurance policies and other IOS products. The Chief Executive of the Company is Allen R. Cantor. The sales and sales administration subsidiaries of Investors Overseas Services Limited are:

Australia
International Overseas Services Pty. Ltd.

Austria
Investors Overseas Services in Wien GmbH.

Bahamas
Investors Overseas Services (Sterling) Limited. This wholly-owned subsidiary is organized under the laws of the Bahamas and distributes The Fund of Funds Sterling Limited and The Dover Equity Plan Policy to residents of the Sterling area outside the United Kingdom.

Canada
I.O.S. of Canada Ltd. A wholly-owned subsidiary organized under the laws of Canada. It operates solely in Canada and distributes shares of I.O.S. Regent Fund Ltd. and I.O.S. Venture Fund Ltd.

Germany
Investors Overseas Services in Deutschland GmbH. A wholly-owned German corporation which maintains offices in Munich and Bonn. This company provides administrative support to IOS activities in Germany, including training of associates, public relations and preparation and distribution of sales literature. The Chief Executive of the company is Dr. Erich Mende.

Altersinvest Beratungsgesellschaft für Anlageplanung und Altersversorgung mbH. This company maintains head offices in Munich and advises and assists corporate investors in matters relating to employees' pensions planning.

Hong Kong
Investors Overseas Services (H.K.) Limited is organized under the laws of Hong Kong as a wholly-owned subsidiary. It distributes sales literature and provides promotional support to sales representatives throughout the Far East.

Italy
Fiduciaria Europeo-Americana, S.p.A. (FIDEURAM) is an Italian corporation licensed to conduct the business of a fiduciary company. Fideuram through its sales representatives distributes shares of Fonditalia in Italy.

Lebanon
Investors Overseas Services (Middle East) S. A. L.

Luxembourg
Investors Overseas Services IOS (Luxembourg) S.A.

Panama
Agencia de Investors Overseas Services de Panama, S.A.

Switzerland
Société d'Information I.O.S. S.A. (SIOS).

United Kingdom
Investors Overseas Services (U.K.) Limited is a corporation organized under the laws of the United Kingdom as a wholly-owned subsidiary of Investors Overseas Services (Sterling) Limited. It distributes a complete line of life insurance policies issued by The International Life Insurance Company (U.K.) Limited, including The Dover Equity Plan Policy. Sales activities are limited to the United Kingdom. Roy Kirkdorffer is Chairman and Managing Director of the Company.

Additional sales organizations will be established in other countries as required.

IOS DEVELOPMENT COMPANY LIMITED (principal regional funds development and management company) is a non-resident English corporation. It is developing a network of investment companies or funds tailored to meet the varying legal and economic requirements of particular countries or particular regions. The Chief Executive of the company is James Roosevelt. The management companies owned by IOS Development Company Limited are:

I.O.S. Sterling Management Company Limited, a Bahamas corporation which acts as manager of The Fund of Funds Sterling Limited, a Bahamas mutual fund which invests exclusively in British and other Sterling area securities.

I.V.M. Invest Management Company Limited, a Bahamas corporation which serves as investment advisor to I.V.M. Invest N.V., an open-end mutual fund organized under the laws of the Netherlands Antilles. IVM Invest serves solely as the investment vehicle for the equity portion of all investments made in the equity-linked term-life insurance policy issued by the Internationale Verzekering Maatschappij N.V. called The Guilder Plan.

IOS INSURANCE HOLDINGS LTD., is a non-resident company incorporated under the laws of the Dominion of Canada. A 78 per cent owned subsidiary of I.O.S., Ltd., it acts as a holding company and has no direct activities. The Chief Executive of the company is Richard Hammerman. All of the insurance activities of the group are conducted through the following subsidiaries of IOS Insurance Holdings Ltd.

The International Life Insurance Company S.A. is organized under the laws of the Grand Duchy of Luxembourg. The principal insurance it offers consists of a programme completion life insurance for Capital Accumulation Programmes for the acquisition of mutual fund shares distributed by the IOS group.

The International Life Insurance Company (U.K.) Limited, British life insurance company, which issues a full range of insurance policies, including a range of equity based policies, pension and annuity schemes and term insurance. Best known of these is The Dover Equity Plan Policy. International Life pioneered the concept of equity based life insurance in the United Kingdom.

The International Reinsurance Company Limited, a Bahamas corporation which acts as reinsurer of risks for life insurance companies, including companies within the IOS group of companies.

The International Life Insurance Company (Malta) Limited a Maltese company offering the same line of policies as The International Life Insurance Company (U.K.) Limited.

De Internationale Verzekering Maatschappij N.V. was incorporated under the laws of Holland in September 1968. Its major product is a term-life, equity-linked policy, The Guilder Plan.

IOS FINANCIAL HOLDINGS LIMITED, a non-resident English corporation is a wholly-owned subsidiary of I.O.S., Ltd. It acts as a holding company and operating subsidiary through which commercial and investment banking operations are conducted. The Chief Executive of the company is Barry Sterling.

The activities of Financial Holdings are conducted through the following major subsidiaries:

Overseas Development Bank, Geneva, a Swiss Bank with branches in London and Luxembourg.

Investors Bank Luxembourg S.A. is primarily engaged in Eurodollar underwriting activities. It has acted as lead managing underwriter of five Eurodollar convertible issues since November, 1968, involving a total of \$115,000,000, and has participated as an underwriter in 24 other offerings. In addition to these activities IBL accepts time deposits and deposit accounts from the public.

IOS Acceptance Company Limited engages in the financing of margin loans for owners of IOS-sponsored mutual funds, and the refinancing thereof with various banks.

Financial Institution Management N.V. is engaged in arranging and servicing stock loan transactions for securities owned by FOF Prop with United States securities brokers.

IOS Entreprises S.A., a wholly-owned non-resident U.K. company, engaged in arranging institutional borrowings and lendings.

Investors Overseas Bank Limited, a wholly-owned private Bahamas bank.

CORPORATE STRUCTURE

Orbis Bank GmbH is approximately 90 per cent owned by Financial Holdings. 10 per cent of the share capital is held by Bankhaus Preusker & Thelen K.G., an unaffiliated German bank. Orbis Bank commenced operations in 1968 and will provide general commercial banking services throughout West Germany. It presently has headquarters in Munich with branch offices in Dusseldorf and Frankfurt.

Overseas Development Bank (Bahamas) Limited, a wholly-owned non-Sterling Bahamas bank.

Overseas Development Bank (Sterling) Limited, a wholly-owned Sterling Bahamas bank.

Banca Provinciale di Depositi e Sconti, S.p.A. is approximately 70 per cent owned by Financial Holdings. It maintains offices in Milan, Turin and Vigevano.

IOS REAL ESTATE HOLDINGS LIMITED, a non-resident British company, is engaged, through its subsidiaries, in the acquisition, development, sale and management of real estate. Chief Executive of the company is Martin Seligson.

The sales and development arm of IOS Real Estate Holdings Limited—**Investors Development Corporation Limited (INDEVCO)**—serves as real estate consultant and is investment advisor to Investment Properties International Ltd. (IPI), a closed-end real estate investment company incorporated in Canada.

The subsidiaries of IOS Real Estate Holdings are: **Investors Development Corporation Limited**, a Bahamas company which serves as developer, promoter and distributor of real estate projects.

Property Management S.A., a Spanish corporation, serves as rental and maintenance agent with respect to real estate in Spain.

Property Management Limited, a Bahamas corporation, serves as rental agent with respect to real estate in Spain.

INDEVCO Management Corporation N.V., a Netherlands Antilles Corporation, acts as sales, rental and maintenance agent relative to properties in Florida, U.S.A.

IOS Engineering and Construction Company Limited, a Bahamas corporation which supervises, on a contractual basis, the construction of various real estate products marketed by INDEVCO, or owned and constructed by IPI or its affiliates.

The following are administrative companies within the IOS group:

I.O.S. Administrative S.A. (Geneva, Switzerland). This Swiss company was formed on October 11, 1967, with a fully-paid capital of two million Swiss francs. It coordinates and groups the administrative service operations based in Geneva. The Chief Executive of the company is Jean de Muralt.

Services Administratifs IOS France S.A. is a French corporation with its principal offices at Ferney-Voltaire, Ain, France. At these modern offices on the outskirts of Geneva, IOS France employs over 900 people. It provides clerical and administrative services for the benefit of subsidiaries and affiliates in the IOS group. The Chief Executive of the company is James F. (Ted) Roosevelt.

In addition to the Geneva and Ferney-Voltaire administrative offices, administrative centers are also located in London, Tokyo, Hong Kong, Montreal, Munich, Brussels and Amsterdam. Administrative personnel are also located at over 200 branch offices maintained by the IOS group of companies throughout the world.

The principal fund management holding company is **INVESTORS OVERSEAS SERVICES MANAGEMENT LIMITED**. It is 77 per cent owned by I.O.S., Ltd. and 23 per cent by the public.

Investors Overseas Services Management Limited is organized under the laws of the Province of Ontario. As of March 31, 1969, authorized capital consisted of 5,000,000 shares. Shares of the capital stock of IOS Management

are listed on the Toronto, Amsterdam and Luxembourg stock exchanges and are admitted to unlisted trading privileges on the London stock exchange. Shares of IOS Management were first offered to the public on May 20, 1968 at a price of Can \$12.50 per share. On June 30, 1969 new shares (after a 3 for 1 split on April 21) of IOS Management were trading at the equivalent of \$133.- (U.S.). IOS Management is a holding company and has no direct activities. Its wholly-owned subsidiaries are:

FOF Management Company Limited, investment advisor to The Fund of Funds, Limited.

I.I.T. Management Company Limited, investment manager to IIT, an International Investment Trust.

Canadian Fund Management Company Limited, investment advisor to I.O.S. Regent Fund Ltd.

Fonditalia Management Company S.A., investment manager to Fonditalia.

Venture Management Company Limited, investment advisor to IOS Venture Fund (International) N.V.

IPI Management Company Limited, investment advisor to Investment Properties International, Limited.

Investors Fonds Kapitalanlagegesellschaft mbh, investment advisor to Investors Fonds.

The following are other subsidiary companies:

IIT Management Company Limited, a Bahamas corporation engaged in the publication of a monthly investment advisory service distributed to financial institutions.

International Scientific Systems Limited, a Bahamas corporation which performs computer programming and systems development work on a contract basis for the IOS group of companies. Computer services in Switzerland are also handled on a contract basis through arrangements with the Sperry Rand Corporation at Nyon, Switzerland.

The Weekly Tribune S.A., Switzerland, publisher of International Business Digest, a monthly magazine digest in English and German, covering American and European business news.

Officers and Directors of I.O.S., Ltd.

Bernard Cornfeld

Mr. Bernard Cornfeld is President and Chairman of the Board of Directors of the parent holding company of Investors Overseas Services—I.O.S., Ltd. He is also Chairman of the Board of Directors of the principal IOS subsidiary companies including Investors Overseas Services Limited; The Fund of Funds, Limited; The International Life Insurance Company S.A.; IOS Financial Holdings Limited, and Investors Development Corporation, Ltd. Born in Istanbul, Turkey, on August 17, 1927, he was brought to the United States by his parents at the age of four and completed his primary and high school education in New York City. In 1945 he entered the United States Maritime Service, where he held a commis-

sion as Lieutenant. He served as a ship's officer for three years.

Following his maritime service he attended Brooklyn College of the City University of New York, graduating with a Bachelor of Arts degree in 1950.

He received a Master of Arts degree in social psychology from Columbia University School of Social Work in 1952. A bachelor who resides in Geneva, Mr. Cornfeld spends a good part of the year travelling throughout the world. He enjoys sailing and riding and maintains a stable of horses at his Château de Pelly, located in the Haute-Savoie, near Geneva.

Carl Johan Arthur Bernadotte, Count of Wisborg and youngest son of King Gustav VI Adolf of Sweden, is a Director of I.O.S., Ltd., parent company of the IOS group. He is also Chairman of the Board of Svenska Internationella Investment Fonden (Interfond) with which IOS has a technical assistance agreement, and Chairman of the Board of Sundstrand International Corporation. Count Bernadotte was born on October 31, 1916. He

Count Carl Johan Arthur Bernadotte

was educated at Lundsberg School and studied law at Stockholm University. He was a Captain in the Swedish Armored Corps during World War II. At war's end he entered the international business field operating principally in the United States. He was named a Director of I.O.S., Ltd. in July, 1969. Count Bernadotte is married to a prominent Swedish journalist. They have two children.

An internationally known banker and director of several financial and investment companies, Martin Brooke is a director of I.O.S., Ltd. and the International Life Insurance Company (U.K.) Ltd. He was born in 1923 and educated at Eastbourne College and Magdalene College, Cambridge, from which he graduated with an M.A. degree.

Martin Brooke

During World War II, Mr. Brooke served as a Royal Navy lieutenant on convoy escort vessels operating in the north and south Atlantic and Indian oceans. He left the Navy in 1946 and joined merchant bankers Guinness Mahon and Co. Ltd. a year later. Mr. Brooke, a director of Guinness Mahon, became a Director of I.O.S. Ltd. early in 1969.

C. Henry Buhl III is President and a Director of the IIT Management Company S.A., which manages IIT, an International Investment Trust. Mr. Buhl also serves as a Director of I.O.S., Ltd., as Vice-President and as a Director of the FOF Management Company, Limited; The Fund of Funds, Limited; The Fund of Funds Sterling Limited; and various other IOS funds and fund management companies. Mr. Buhl was born in 1930 in Detroit, Michigan, where he

C. Henry Buhl III

spent his childhood. He attended Trinity College in Hartford, Connecticut, and in 1950 he entered the United States Navy. In 1952 Mr. Buhl joined the brokerage firm of McDonnell & Co., a member of the New York Stock Exchange. He was elected Vice-President in charge of international operations in 1958. Mr. Buhl joined the IOS group of companies in 1961. He is married and has three children.

Allen R. Cantor

Allen R. Cantor is President and a member of the Board of Directors of Investors Overseas Services Limited (Bahamas), the principal IOS sales company.

He is also a Director of I.O.S., Ltd., the parent holding company, and a Director of Real Estate Holdings Limited, the real estate company of IOS.

Mr. Cantor was born in Brooklyn, New York, in 1932. He attended Brooklyn College, where he studied political science and law, and graduated in 1953 with a B.A. degree in political science.

While studying, Mr. Cantor worked part-time with an antique book dealer. He has since developed the hobby

of collecting rare antique books, and he now owns a valuable collection.

After military service, Mr. Cantor studied at the Brooklyn Law School until 1958. Late that year he joined IOS, beginning as an Associate in France, then in the Near East and the Far East.

In 1962, Mr. Cantor was transferred to Geneva and appointed Vice-President of I.O.S., Ltd. He later became Senior Vice-President of the IOS complex.

He was appointed President of Investors Overseas Services, Limited, in August 1967.

Mr. Cantor is married and has three sons.

Avv. Pasquale Chiomenti

Avvocato Pasquale Chiomenti is a Member of the Board of Fonditalia Management Company.

Born in 1914, Avv. Chiomenti studied law at the University of Rome, gaining his doctorate in 1936. For two years after this, he continued his studies in France, Great Britain (at London and Oxford Universities) and in the United States at Columbia University.

From 1938 to 1943, he held the position of Professor of Comparative Civil Law at the University of Genoa and in 1946, he became a Member of the Rome Bar.

Avv. Chiomenti is currently Vice-President of Italcable, Vice-President of BP Italiana S.p.A., and Director of many other prominent Italian companies.

He is married and has two sons.

Edward J. Coughlin

A former New York Attorney, Edward J. Coughlin, Jr., provides general counsel on legal matters concerning IOS activities around the world.

Born in Newton, Massachusetts in 1929, Mr. Coughlin graduated from Harvard College with an A.B. degree in 1952, and from the Harvard Law School with an LL.B. in 1955.

In 1955 Mr. Coughlin became an Attorney for the New

York law firm of Paul, Weiss, Rifkind, Wharton and Garrison. He remained with that firm until he joined IOS in 1965.

Legal services to IOS subsidiaries are mainly provided by the holding company I.O.S., Ltd. The holding company has appointed Mr. Coughlin as its Secretary to enable him to coordinate the global legal activities of IOS.

A recognized authority on securities law, Edward M. Cowett is a General Counsel for IOS and its subsidiaries and one of the group's front-ranking executives. A cum laude graduate of both Harvard College and the Harvard Law School, Mr. Cowett is the co-author of one of the definitive reference books on securities law, "Blue Sky Law."

Born in Springfield, Mass., April 10, 1930, Mr. Cowett was a research associate in law at the Harvard Law School from 1954 to 1956.

He then moved to New York to enter law practice, working finally with the firm of Feldman, Kramer, Nessen, Bam and Cowett.

Harvey Felberbaum is a Vice-President and Director of Investors Overseas Services Limited (Bahamas), and a Director of I.O.S., Ltd., IOS Development Company, Fonditalia International, Fideuram, Fonditalia's distributor, and the Banca Provinciale di Credito e Sconti which has head offices in Milan and Turin.

Mr. Felberbaum was born on April 16, 1930, in New York City. He studied at the City College of New York, where he gained a degree in Engineering, and at the Fashion Institute of Technology, New York, where he was awarded a degree in Engineering Technology. He also did post-graduate work at the Sorbonne in Paris.

Before joining IOS in November, 1957, Mr. Felberbaum worked with various textile engineering companies in New York and Chicago, supervising factory layouts, work

He joined IOS in 1963 as a General Counsel and a Director of IOS and various subsidiary companies. Since 1967 he has been Executive Vice-President and a Director of I.O.S., Ltd., the parent holding company.

In addition to his authorship of "Blue Sky Law", Mr. Cowett has been a frequent contributor to law reviews with articles on U.S. State and Federal security laws. He is a member of the Federal, New York State and Massachusetts State Bar Associations, and a member of the American Bar Association Committee in state securities regulations. Married, with two children, Mr. Cowett makes his home in Geneva.

Edward M. Cowett

Harvey Felberbaum

flow, time and motion study, and machinery development. He completed his military service in the U.S. Army.

He began his IOS career as a sales trainee under Allen Cantor, now President of Investors Overseas Services Limited (Bahamas), the group's principal sales company. During his career in the field, Mr. Felberbaum became one of the most travelled men in the company. He worked in Iran, East and West Pakistan, India, where he was appointed a Regional Manager, Afghanistan, Burma, Ceylon, Japan, Hong Kong, Australia, Vietnam, Fiji, Pago-Pago, Tahiti, Honolulu, and Europe. When the new post of General Manager was created, Mr. Felberbaum was the first to be appointed.

Married, with one son, Mr. Felberbaum now lives in Rome.

Richard Gangel is a Senior Vice-President of Investors Overseas Services Limited. He is a Director of IOS Financial Holdings Limited and also a member of the Executive Management Committee. Mr. Gangel was born in New York City in 1928 and attended Brooklyn College and New York University.

Before serving with the U.S. Army in Korea, he was a trade union official for restaurant and civil service workers.

In 1954, following his military service, Mr. Gangel became a union official for the Amalgamated Clothing Workers, now one of the largest trade unions in the U.S.

He joined IOS in 1959 and became a supervisor of sales in France, Holland and Spain. From 1961 until 1963, he was General Manager in the Far East. He was then made a Director of IOS and came to Geneva in 1964.

Mr. Gangel is married and has four children.

Richard Gangel

Kent Gordis

Kent Gordis, is a Vice-President of I.O.S., Ltd. He is in charge of the data processing operations required for custodial bookkeeping and volume commission records. Born in New York in 1932, Mr. Gordis received a B.A. from Cornell University in 1954 and an M.A. in mathematics from New York University in 1959.

He became a mathematician and programmer for the Sperry Gyroscope Company in 1956. In 1957 he joined the Atomic Energy Commission as a programmer and

Combustion Engineering, Inc., in the same capacity in 1959.

In 1961 Mr. Gordis was an instructor of mathematics at Hunter College. The same year he founded the Kent Scientific Systems and Services, a computer programming consulting service in New York City. He was president and principal stockholder of that company until 1962, when he joined IOS.

Richard M. Hammerman

Richard M. Hammerman is President and a founding Director of the International Life Insurance Company S.A., the principal insurance company of IOS.

Mr. Hammerman was born in Miami, Florida, in 1926. He attended the Wharton School of Finance and the University of Pennsylvania. He holds a B.S. degree in Economics and is a Chartered Life Underwriter (C.L.U.). Mr. Hammerman was engaged in private business until 1957, when he joined the Equitable Life Assurance Society of the United States. He joined IOS in 1960, taking over responsibility for its life insurance activities. In 1961 he became President of Capital Planning Associates S.A.,

a life insurance brokerage subsidiary of IOS in Geneva, Switzerland.

In 1962, Mr. Hammerman became a founding Director, Chairman and President of the International Life Insurance Company S.A. of Luxembourg. In 1963 he was a founding Director and Chairman of ILI's United Kingdom subsidiary. Mr. Hammerman is also a Director of I.O.S., Ltd., the parent holding company of the IOS group, of The Fund of Funds Sterling Limited, the IOS Sterling Management Company, Limited, the Dover Life Assurance Company of New York, and Pension Life Insurance Company of America. Mr. Hammerman is married and has two daughters.

Roy D. Kirkdorffer

Roy D. Kirkdorffer is a Director of I.O.S., Ltd., Investors Overseas Services Limited (Bahamas), and of the International Life Insurance Company, S.A. He is also Chairman and Managing Director of Investors Overseas Services (U.K.) Ltd.

Mr. Kirkdorffer was born in 1934 in Bristol, Indiana. He attended Purdue University in Indiana and graduated

with a B.S.C. in political science in 1956.

The same year he entered the United States Air Force and served until 1959 with the rank of lieutenant.

He then joined IOS in France, and in June, 1964 he became an IOS General Manager.

Mr. Kirkdorffer is married and has two sons.

George J. Landau

George J. Landau is Vice-President of I.O.S., Ltd., responsible for co-ordinating the operating functions of data processing and production, accounting, planning and methods, and Geneva regional administration.

He is also Senior Vice-President of Investors Overseas Service Limited, the principal sales company of IOS. From Geneva, 37-year-old Landau supervises all training programs for IOS field representatives and administrative staff members.

Mr. Landau is a naturalized American citizen, born in Poland in 1932. After attending the Bronx High School of Science in New York, he received a B.S. degree in optics from the University of Rochester in 1955. Until 1959, when he joined IOS, Mr. Landau was a senior buyer in the Atomic Power Division of the Westinghouse

Electrical Corporation.

Mr. Landau became an IOS General Manager for Africa and Europe, a post he held until his recent appointment as Senior Vice-President. He was highly successful in establishing new sales operations in Africa and the Benelux countries. He also participated in the creation of The IOS Investment Program and of the Dover Unit Equity Plan, an insurance policy for the Sterling Zone.

In 1963, Mr. Landau became a Director of I.O.S., Ltd., the parent holding company. He is also Vice-President of IOS Overseas Funds Management Limited (U.K.) and a Director of The International Life Insurance Company S.A., The International Life Reinsurance Company Limited and Investors Bank, Luxembourg. Mr. Landau is married and has a daughter.

Jay F. Leary

Jay F. Leary is Secretary of I.O.S., Ltd., and a Director of I.O.S. Venture Fund (International).

Born in 1938 in Glen Ridge, New Jersey, Mr. Leary went to Harvard College, graduating with a B.A. in Economics in 1960. From there, he studied law at the Harvard Law School and graduated in 1963 with an LL.B.

Prior to joining IOS, Mr. Leary went to work as a lawyer

for the New York firm of Willkie, Farr, Gallagher, Walton and Fitz Gibbon.

He joined IOS early in 1967 and has provided the legal expertise which helped establish Fonditalia, IOS Sterling Investment Programme and Venture Fund (International). He is also in charge of all the legal work relating to the public offering of IOS parent company stock.

Melvin N. Lechner

Melvin N. Lechner is Treasurer of I.O.S., Ltd., the holding company of the IOS group.

Mr. Lechner was born in New York in 1937. He studied at the Columbia College of Columbia University, New York, and graduated in 1958 with a B.A. degree in economics. From 1958 to 1960 he served in the U.S. Navy as a naval intelligence officer, with the rank of lieutenant. During that period he also attended New York University's School of Business Administration, and graduated in 1960 with a Master's Degree.

Mr. Lechner then joined Arthur Andersen & Co., the New

York auditing firm. He remained with that firm until he joined IOS in 1966.

Mr. Lechner is a Certified Public Accountant. He is a member of the American Institute of Certified Public Accountants, the New York State Society of Certified Public Accountants, and the New York University Tax Society. He has served on the Advisory Committee of the Controller of the City of New York.

He joined IOS in June 1966 as Assistant Vice-President of Finance for the holding company. He was appointed Treasurer in March 1968.

Dr. Erich Mende

Dr. Erich Mende is Chairman of the Board of Directors of Investors Overseas Services in Deutschland GmbH, member of the Board of Directors of IIT Management Company S.A., and a director of I.O.S., Ltd.

Dr. Mende was born on October 28, 1916 in Gross-Strehlitz/Oberschlesien. During the Second World War Dr. Mende served at the front, ultimately gaining the rank of Major and Commander of his regiment. He was wounded three times and was highly decorated.

After studying jurisprudence at the universities of Cologne and Bonn, Dr. Mende qualified as a Doctor of Law.

Dr. Mende has served in the German Parliament without a break since his election in 1949. From 1957 to 1963 he was Chairman of the Parliamentary Free Democratic Party (FDP) and from 1963 to 1966 Vice Chancellor and Federal Minister in the two Erhard Cabinets. Whilst fulfilling his functions in the German Parliament and the Government, Dr. Mende dealt chiefly with questions of foreign and domestic policy as well as defence.

Dr. Mende is a member of the International Commission of Jurists and holder of the Gross-Kreuz des Verdienstordens der Bundesrepublik Deutschland.

George Albert von Peterffy

George Albert von Peterffy is a member of the Board of I.O.S., Ltd.

Mr. von Peterffy went to Dartmouth College in Hanover, New Hampshire, graduating in 1952 with a B.A. degree. From there, he went to the Harvard School of Business Administration where he obtained his M.B.A. in 1957.

From 1960 to 1963, Mr. von Peterffy held the position of Senior Staff Consultant with Arthur D. Little, Inc., an industrial research and management consulting firm in

Cambridge, Mass. Concurrently he served as visiting professor at the European Institute of Business Administration at Fontainebleau, France, in the field of business policy.

Mr. von Peterffy is currently Associate Professor at the Harvard Graduate School of Business Administration, where he lectures on long range corporate planning. He serves on the Boards of several companies.

He is married and has two children.

Norman Rolnick

Norman Rolnick is Corporate Controller of I.O.S., Ltd., Treasurer of Investors Overseas Services Limited, the principal sales subsidiary, Treasurer of Investors Overseas Services Management Limited, and of the Fund of Funds (Sterling) Limited.

Mr. Rolnick was born in 1928 in New Haven, Connecticut. He attended the American International College at Springfield, Massachusetts and graduated with a B.S. degree in

Accounting.

During the early '50s, Mr. Rolnick worked for Investors Planning Corporation as a mutual fund salesman. He then did public accounting work in New York City, after which he became controller of a mutual fund broker dealer in New York. He joined IOS at the end of 1963.

Mr. Rolnick is married to a former employee of IOS and has a daughter.

James Roosevelt

After a distinguished career in Government and international public service, Mr. James Roosevelt joined Investors Overseas Services in 1967.

As President of IOS Development Company Limited, a major portion of Mr. Roosevelt's activities at IOS is directed toward the establishment of local national mutual funds in selected countries. It is the hope of IOS that in some cases the setting up of national funds can make a significant contribution to the improvement of capital resources in local economies. As former United States Ambassador to the United Nations Economic and Social Council, Mr. Roosevelt is familiar with the economic problems faced by developing nations.

Mr. Roosevelt is a member of the Board of Directors of the parent holding company, I.O.S., Ltd.; The International Life Insurance Company S.A.; The Fund of Funds, Limited; IIT Management Company; The Fund of Funds Sterling Limited; Fonditalia Management Company S.A. and the Advisory Board of the IOS Foundation. He is also President of the FOF Management Company Limited. Following his appointment as United States Representative to the UN Economic and Social Council, Mr. Roosevelt served as Chairman of the U.S. Delegation to Committee II, 20th UN General Assembly; Chairman, U.S. Delegation, 1st Session UN Development Program Governing Council; Chairman, U.S. Delegation, 9th Session UN Economic Commission for Asia and the Far East; Chairman, U.S. Delegation, 40th Session UN Economic and Social Council; and Chairman, U.S. Delegation, Ad Hoc Committee on the United Nations Organization for Industrial Development.

Earlier, Mr. James Roosevelt served in the 84th to 89th Congresses. He was first elected to the House of Representatives from the 26th District of California on November 2, 1954.

During his congressional career, Representative Roosevelt took active leadership in the legislative fields of civil rights, labor, social security, small business and public education.

As Chairman of the General Sub-Committee on Labor, of the Committee on Education and Labor, he authored major legislation which resulted in raising the minimum wage protecting exploited migratory workers, and guarding the public's interest relative to union pension and welfare funds.

As a long-time advocate of fair employment practices, he authored the Equal Employment Opportunity Act which became a section of the Civil Rights Act of 1964. Mr. Roosevelt served as Chairman of the Sub-Committee on Distribution Problems of the House Select Committee on Small Business. He was also the co-author of the law which set up the Small Business Investment Corporation. His sub-committee was known as the "watch-dog" of giant business practices.

Mr. Roosevelt served as Chairman of the California Democratic State Central Committee from 1946 to 1948. He was National Committeeman for California from 1948 to 1952.

During World War II, Mr. Roosevelt served in the U.S. Marine Corps in the Pacific area, including Makin Island, the Philippines and the Aleutians. He was Executive Officer of Carlsons' Raiders and was awarded the Navy Cross and the Silver Star. He left the Marine Corps with the rank of Colonel. He retired as a Brigadier General. The eldest son of President Franklin Delano Roosevelt and Anna Eleanor Roosevelt, he was born in New York City on December 23, 1907. He attended Groton and Harvard (class of 1930) and served as Secretary to President Roosevelt from December 1936-1938.

Lawrence R. Rosen

Lawrence Rosen is Vice-President of Investors Overseas Services Limited (the principal sales subsidiary), and Director of the Institutional Investors Division of this company. He is also Area Director for Sweden, Norway and Morocco.

Mr. Rosen was born in 1938 in Louisville, Kentucky. He attended Miami University, Ohio, under a Naval Reserve Officer Training Corps scholarship, graduated cum laude with a B.S., and was elected to membership in Phi Beta Kappa, scholastic honorary; Beta Gamma Sigma, business honorary; as well as Omicron Delta Kappa, national men's

leadership fraternity.

Prior to joining IOS, Mr. Rosen was Finance Officer on the flagship of the U.S. Seventh Fleet, stationed in the Far East.

Mr. Rosen was also President and a Director of Investors Continental Services Ltd., a brokerage firm headquartered in New York City, which merged with Investors Planning Corporation of America in the fall of 1967.

Author of the book "Go Where the Money Is", published by Dow Jones-Irwin, Inc., Mr. Rosen is married and has a son and a daughter.

Martin Seligson

Martin Seligson is President of Real Estate Holdings Limited, a wholly-owned subsidiary of IOS a Director of I.O.S., Ltd., the parent holding company, and General Manager of the Real Estate Growth Fund.

An acknowledged authority in the real estate development field, Mr. Seligson was born in New York City in 1927 and is a graduate of the University of Denver where he gained his BS degree.

Prior to joining IOS in 1965, he headed a number of real estate companies, including the publicly-held Atlantic Improvement Corporation. He has been involved in the construction or acquisition of more than 4,000 apartment units, several office buildings, shopping centers, and three major housing developments in New York State's Westchester County, and Atlanta, Georgia. Biggest project was Breezy Point, an 800-acre tract of New York ocean front which his Atlantic Improvement Corporation acquired for \$17.5 million. His responsibilities including the planning, financing and construction of the project which called for 15,000 apartment units, five shopping centers,

four schools, six churches, and four private beach clubs. The City of New York belatedly recognized the potential of the area after millions had been spent on construction, and acquired it.

Mr. Seligson has been a guest lecturer in City Planning at New York University and is the only American developer whose homes have twice been honored by the Editorial Associates National Fine Home Design Award.

As President of Real Estate Holdings Limited he is responsible for development of Playamar, a 973-unit, luxury apartment and club complex on Spain's Costa del Sol, The Hemispheres, a 1295-apartment and club condominium at Hallandale, Florida, the 180-acre Waterways apartment community in Florida, a 17-storey office building in Kenya, and various other projects in prime resort areas of the world.

An active skier, skindiver, and tennis enthusiast, he is also an accomplished musician and composer. Mr. Seligson is married and has two children.

Barry H. Sterling is the Chief Executive of IOS Financial Holdings Limited (U.K.). He is also a member of the parent company's Executive Management Committee. Mr. Sterling is well known in the fields of law and politics in the State of California, where he was born in Los Angeles on October 25, 1929. He graduated from Stanford University with an A.B. degree in 1950 and from Stanford Law School in 1952 with an LL.B. degree. Mr. Sterling served in the U.S. Army with the rank of Captain, primarily in the Judge Advocate General's office in the Pentagon in Washington, D.C. After military service, Mr. Sterling became an attorney and from 1954 until 1960, he was employed by various law offices and industrial companies. From 1960 until 1967, he was a partner in the firm of Hinden, Sterling, Mc Kittrick and Powsner in Beverly Hills, California, where he specialized in corporate securities and investment banking matters. He is a member of the American and California Bar Associations. During this time, Mr. Sterling also served as an Officer

Robert F. Sutner is a Director of I.O.S., Ltd. and a Senior Advisor to Investors Overseas Services Limited. Mr. Sutner was born on May 16, 1930. He attended the City College of New York and received a MBA in 1954. After serving in the U.S. Army he attended the London School of Economics in 1956. He joined IOS in 1959 and was appointed Regional Manager in 1961. In 1963

George W. Tregea is Senior Vice-President and a Director of Investors Overseas Services, Limited, the principal sales company of IOS. He is also a member of the Executive Management Committee of I.O.S., Ltd. Mr. Tregea was born in 1928 in Gilberton, Pa. He served in the United States Air Force 1944-1949. He is a 1954 graduate of the University of Arizona and also holds a Bachelor of Foreign Trade degree from the American Institute of Foreign Trade, of Glendale, Arizona.

Barry H. Sterling

and Member of the Board of the following companies: Allied Products Corporation (a diversified industrial and investment holding company, listed on the New York Stock Exchange), Acme Eagle Corporation (an investment holding company), the Columbia Savings and Loan Association, California, and the Home Bank, California. He also served as an Officer, Director and Member of the Board of various industrial and investment companies and investment groups. Mr. Sterling is active in California politics. In 1967, he was appointed Treasurer of the Democratic State Central Committee of California, and in 1966, he was Treasurer of the California Division of the Democratic National Committee. He also served as Controller for the political campaign of Governor Edmund G. "Pat" Brown in California in 1966. He is a Founder-Member of both the Los Angeles Music Center and the Los Angeles Art Museum. Mr. Sterling is also a Member of the Board of Trustees of the City of Hope Hospital in southern California. He is married and has two children.

Robert F. Sutner

he was General Manager in Canada and President of I.O.S. of Canada Ltd. From 1965-1969 he held the position of a Senior Vice-President of Investors Planning Corporation of America. Presently he is Chief Executive Officer of Saja Associates, Ltd. Mr. Sutner is married and has his home in New York.

George W. Tregea

From 1955 to 1958 he was associated with the National Supply Company's Venezuela sales subsidiary. He joined IOS in 1959 and became responsible for the administration of sales and the supervision of hundreds of sales representatives in Latin America. Mr. Tregea fulfilled these functions until 1966, when he became an executive of I.O.S., Ltd. Mr. Tregea is married and has three children.

Eli Wallitt

Eli Wallitt is a Director of I.O.S., Ltd., the parent holding company of IOS, and of Investors Overseas Services Limited, the principal sales subsidiary. He is also a Director of IOS Overseas Funds Management Limited. Mr. Wallitt was born in New York City in 1928. He graduated from Brooklyn College in 1955 and received B.A. degrees in Psychology and Education. While attending college, he was also the assistant principal of a private school and ran two cooperative community centers and an art school in New York City.

Mr. Wallitt joined Investors Planning Corporation (IPC)

in 1955 and remained with that company until 1959. That year he joined IOS and assumed managerial responsibilities.

From 1961 to 1963 he was Vice-President of Investors Continental Services. From 1963 to 1965 he was IOS Field Director.

In 1965, Mr. Wallitt became IOS coordinator for Germany. He is presently based in Geneva and remains primarily concerned with IOS field operations in Europe.

Mr. Wallitt is married and has two children.

Ira Weinstein

Ira Weinstein is President and Chairman of the Board of Directors of I.O.S. of Canada Ltd., President and a Director of Regent Fund Advisors (1963) Ltd. and Senior Vice-President of the Fund. He is also a Director of I.O.S., Ltd., the parent holding company. Prior to July, 1965, he was General Manager for Investors Overseas Services Limited, Middle East operations.

Born in Providence, Rhode Island, in 1935, Mr. Weinstein was educated at Providence High School and the Wentworth Institute, Boston, Mass. He subsequently attended the University of Rhode Island, receiving an Honors Bachelor of Arts degree in Business Administration.

Following his two years' military service, he was associa-

ted with a large merchandising concern as a marketing and merchandising consultant.

Mr. Weinstein joined Investors Overseas Services in Germany in 1960. He was directly responsible for the establishment of an important sales operation in one of the company's markets in the Middle East. In 1964 he was appointed General Manager for that area and in July of 1965, moved to Canada to direct the operations of I.O.S. of Canada. In 1966 he was appointed President of I.O.S. of Canada.

Married, with two boys, Mr. Weinstein resides in Westmount, Montreal.

Wilson W. Wyatt

Wilson W. Wyatt, a former Lieutenant Governor of the State of Kentucky, with a brilliant career in government service spanning over 35 years, is a Director of I.O.S., Ltd., of The Fund of Funds, Limited and of Fonditalia Management Company.

Mr. Wyatt was born in 1905 in Louisville, Ky., where he spent his childhood. He graduated with an LL.B. degree (valedictorian) from the University of Louisville in 1927. He received an LL.D. degree from Knox College in 1945, and an honorary LL.D. from the University of Louisville in 1948.

A lawyer, Mr. Wyatt was admitted to the bar in 1927,

and began to practise in Louisville. He was mayor of that city from 1941 to 1945. He became a senior partner of the law firm of Wyatt, Grafton and Sloss of Louisville, Kentucky in 1947.

Mr. Wyatt has had a distinguished career in American domestic and foreign politics. In 1952 he was campaign manager for Adlai Stevenson. He was Lieutenant Governor of Kentucky from 1959 to 1963. He has led major diplomatic missions as special emissary for Presidents Roosevelt, Truman and Kennedy. In 1963 Mr. Wyatt was President Kennedy's special envoy to Indonesia.

Sir Eric Wyndham White is a Director of I.O.S., Ltd., parent holding company of the IOS group, and a Director of the International Life Insurance Company (U.K.) Limited, the group's British insurance subsidiary. Sir Eric was born on January 26, 1913. He was educated at London's Westminster City School and the London School of Economics where he gained a First Class honours degree in Law. He was a Member of the Bar of the Middle Temple and later returned to the L.S.E. as a lecturer in law.

Before World War II, he was closely associated with the work of the International Chamber of Commerce and attended its congresses at Berlin in 1937, and Copenhagen in 1939, as a staff member of the British delegation. After a varied career with the British government during the war, he became interested in international affairs and served as First Secretary at the British embassy in Washington from 1942 to 1945, and later as Economic Counsellor to the British embassy in Paris.

At war's end he joined the United Nations Refugee Relief Association (UNRRA) as Special Assistant to the European Director. In January, 1946, Mr. Wyndham White,

Sir Eric Wyndham White K.C.M.G.

as he then was, was appointed Secretary-General for the Emergency Economic Committee for Europe and was later loaned by that organization to the United Nations to act as Executive Secretary of the first session of the Preparatory Committee for the International Trade Organization (ITO) in London in 1946, and for the second session in Geneva in 1947. Subsequently, he was appointed Executive Secretary of the United Nations Conference on Trade and Employment in Havana from November 1947 to March 1948.

From 1948 to 1965, Mr. Wyndham White was Executive Secretary of the General Agreement on Tariffs and Trade (GATT), and in March, 1965, he was nominated to fill the newly-created post of Director-General. His responsibilities covered the five main tariff conferences held in 1947, 1949, 1950/51, 1960/61, and the crucial Kennedy Round of trade negotiations, successfully completed in June, 1967.

He resigned this post in May, 1968, to join IOS, and one month later was named by Queen Elizabeth II a Knight Commander of the Order of St. Michael and St. George (KCMG) for his work with GATT.

IOS CONSOLIDATED SALES

Volume Breakdown

ANNUAL PROFITS

I.O.S., LTD.

ANNUAL SALES

IOS CONSOLIDATED SALES	(Face Amount—New Business in U.S. Dollars)				VOLUME BREAKDOWN	
	1963	1964	1965	1966	1967	1968
IOS Investment Programs	113,600,000	223,000,000	446,000,000	726,000,000	783,210,000	1,159,925,000
ILI (U.K.)	1,400,000	13,000,000	59,000,000	95,000,000	102,725,000	128,283,000
Other Funds	30,723,000	39,926,000	46,430,000	55,655,000	31,100,000	19,081,000
IPC Domestic	—	—	33,300,000	150,000,000	141,635,000	162,036,000
IPC International (Formerly ICS)	5,400,000	13,500,000	21,000,000	32,000,000	46,500,000	75,966,000
ILI (Luxembourg)	5,877,000	4,574,000	4,470,000	5,560,000	18,501,000	66,155,000
Real Estate	—	—	—	1,785,000	12,215,000	28,851,000
National Funds	—	—	—	—	—	90,717,000
Totals	157,000,000	294,000,000	610,200,000	1,066,000,000	1,135,886,000	1,731,014,000

ANNUAL PROFITS	I.O.S., LTD.
and subsidiaries.	U.S. Dollars
1960*	66,000
1961	178,300
1962	208,000
1963	544,000
1964	1,683,000
1965	3,380,500
1966	5,133,100
1967	7,313,300
1968	14,369,000

* Company incorporated on April, 8, 1960.

ANNUAL SALES	IOS CONSOLIDATED SALES
1956-1962 (Face amount—new business)	U.S. Dollars
1956	1,200,000
1957	4,100,000
1958	7,200,000
1959	19,100,000
1960	33,700,000
1961	57,900,000
1962	101,000,000



Investors Overseas Services

Public Relations Department
119 rue de Lausanne
Geneva, Switzerland

**I.O.S., LTD. (S.A.)
ANNUAL REPORT 1968**

SALES AND SALES ADMINISTRATION

INVESTORS OVERSEAS SERVICES LIMITED, Bahamas

(Principal sales subsidiary)

INTERNATIONAL OVERSEAS SERVICES PTY. LTD., Australia

INVESTORS OVERSEAS SERVICES (STERLING) LIMITED, Bahamas

I.O.S. OF CANADA LTD., Canada

INVESTORS OVERSEAS SERVICES (U.K.) LIMITED, England

ALTERSINVEST BERATUNGSGESELLSCHAFT FUR ANLAGEPLANUNG UND
ALTERVERSORGUNG GmbH, Germany

INVESTORS OVERSEAS SERVICES (H.K.) LIMITED, Hong Kong

FIDUCIARIA EUROPEO-AMERICANA, S.p.A. (FIDEURAM), Italy

INVESTORS OVERSEAS SERVICES (MIDDLE EAST) S.A.L., Lebanon

INVESTORS OVERSEAS SERVICES IOS (LUXEMBOURG) S.A., Luxembourg

SERVICIO DE INVERSIONISTAS DE ULTRAMAR, S.A., (SIUSA), Mexico

INVESTORS OVERSEAS SERVICES (CURACAO) N.V., Netherlands Antilles

INVESTORS OVERSEAS SERVICES IN DEUTSCHLAND GmbH, Germany

INVESTORS OVERSEAS SERVICES IN WIEN Ges.m.bH, Austria

AGENCIA DE INVESTORS OVERSEAS SERVICES DE PANAMA, S.A.; Panama

SOCIETE D'INFORMATION I.O.S. (S.A.), Switzerland

OTHER COMPANIES *(Inactive or in various stages of organization)*

FUND MANAGEMENT

INVESTORS OVERSEAS SERVICES MANAGEMENT LIMITED, Canada
(IOS MANAGEMENT)

(Owner of the following companies):

FOF MANAGEMENT COMPANY LIMITED, England

(Investment Advisor to The Fund of Funds, Limited)

I.I.T. MANAGEMENT COMPANY S.A., Luxembourg

(Investment Advisor to IIT, an International Investment Trust)

CANADIAN FUND MANAGEMENT COMPANY LIMITED, England

(Investment Advisor to I.O.S. Regent Fund Ltd.)

FONDITALIA MANAGEMENT COMPANY S.A., Luxembourg

(Investment Advisor to Fonditalia)

VENTURE MANAGEMENT COMPANY LIMITED, Bahamas

(Investment Advisor to IOS Venture Fund (International) N.V.)

IOS DEVELOPMENT COMPANY LIMITED, England

(Owner of the following companies):

I.O.S. STERLING MANAGEMENT COMPANY LIMITED, Bahamas

(Investment Advisor to The Fund of Funds Sterling Limited)

I.V.M. INVEST MANAGEMENT COMPANY LIMITED, Bahamas

(Investment Advisor to I.V.M. Invest. N.V.)

INVESTORS FONDS KAPITALANLAGEGESELLSCHAFT mbH, Germany

(Investment Advisor to Investors Fond)

I.O.S. MANAGEMENT COMPANY LIMITED, Bahamas

(Investment Advisor to I.O.S. Venture Fund Ltd.)

REGENT FUND ADVISERS (1963) LTD., Canada

(Sub-advisor to I.O.S. Regent Fund Ltd., and to I.O.S. Venture Fund Ltd.)

OTHER COMPANIES

(Managing non-public funds or in various stages of organization)

INSURANCE

IOS INSURANCE HOLDINGS LTD., Canada

(Owner of the following companies):

THE INTERNATIONAL LIFE INSURANCE COMPANY S.A., Luxembourg

THE INTERNATIONAL LIFE INSURANCE COMPANY (U.K.) LIMITED,
England

THE INTERNATIONAL LIFE INSURANCE COMPANY (MALTA) LIMITED,
Malta

THE INTERNATIONAL REINSURANCE COMPANY LIMITED, Bahamas

DE INTERNATIONALE VERZEKERING MAATSCHAPPIJ N.V., Netherlands

BANKING AND FINANCIAL COMPANIES

IOS FINANCIAL HOLDINGS LIMITED, England

(Owner of the following companies):

OVERSEAS DEVELOPMENT BANK, Switzerland

ORBIS BANK GmbH, Germany

INVESTORS BANK-LUXEMBOURG S.A., Luxembourg

INVESTORS OVERSEAS BANK LIMITED, Bahamas

IOS ACCEPTANCE COMPANY LIMITED, Bahamas

FINANCIAL INSTITUTION MANAGEMENT N.V., Netherlands Antilles

IOS ENTERPRISES LIMITED, England

OVERSEAS DEVELOPMENT BANK (BAHAMAS) LIMITED, Bahamas

OVERSEAS DEVELOPMENT BANK (STERLING) LIMITED, Bahamas

BANCA PROVINCIALE DI DEPOSITI E SCONTI, S.p.A., Italy

REAL ESTATE

INVESTORS DEVELOPMENT CORPORATION LIMITED (INDEVCO), Bahamas

(Owner of the following companies):

PROPERTY MANAGEMENT S.A., Spain

PROPERTY MANAGEMENT LIMITED, Bahamas

INDEVCO MANAGEMENT CORPORATION N.V., Netherlands Antilles

OTHER COMPANIES *(Inactive or in various stages of organization)*

ADMINISTRATIVE

IOS ADMINISTRATIVE S.A., Switzerland

SERVICES ADMINISTRATIFS I.O.S. FRANCE S.A., France

OTHER COMPANIES

I.I.T. MANAGEMENT COMPANY LIMITED, Bahamas

(Publisher of investment advisory service)

INTERNATIONAL SCIENTIFIC SYSTEMS LIMITED, Bahamas

THE WEEKLY TRIBUNE, S.A., Switzerland

(Publisher of English language weekly newspaper)

FRONTIERS PUBLISHING COMPANY LIMITED, Bahamas

(General Publisher)





A handwritten signature in blue ink, appearing to be 'F. H.', positioned above the company name.

**I.O.S., LTD. (S.A.)
ANNUAL REPORT 1968**

A large, thin, blue curved line that starts to the left of the text, curves around it, and extends to the right, framing the title.



For 13 years we at IOS have been committed to changing the world of finance from the private preserve of the few to an economic force for the many. During that time, we have made it possible for more than three quarters of a million people, most of them “first-time investors”, to participate in the growth and prosperity of the free world’s economy by creating, distributing and managing investment vehicles tailored to the needs of international investors. We have tried to protect the savings of our investor clients by insulating them from the chronic inflation which has accompanied the rising prosperity throughout the world.

We have been rewarded for our efforts. IOS has grown and profited greatly, but in no year was the growth more dramatic or the profits so large as was the case with the year 1968.

- Operating profits nearly doubled, from \$7.313 million in 1967 to \$14.369 million last year.
- Taking into account special (non-recurring) profits of \$15.219 million realized from the underwriting of a portion of Investors Overseas Services Management Limited stock and the liquidation of our interest in Investors Planning Corporation of America, overall IOS profits during 1968 were just short of \$30 million.
- Net assets under management at the end of the year were \$1.509 billion — a 74% increase over 1967.

- Sales of IOS Investment Programs rose by 45% to \$1.288 billion, while the net cash flow into our managed funds rose by 259% to \$477 million.

- Insurance in force with IOS-owned insurance companies at year-end was \$860 million, a 55% increase over 1967.

- During the year, all of our banking activities were consolidated under IOS Financial Holdings Limited. Throughout the entire IOS banking system, the growth was outstanding.

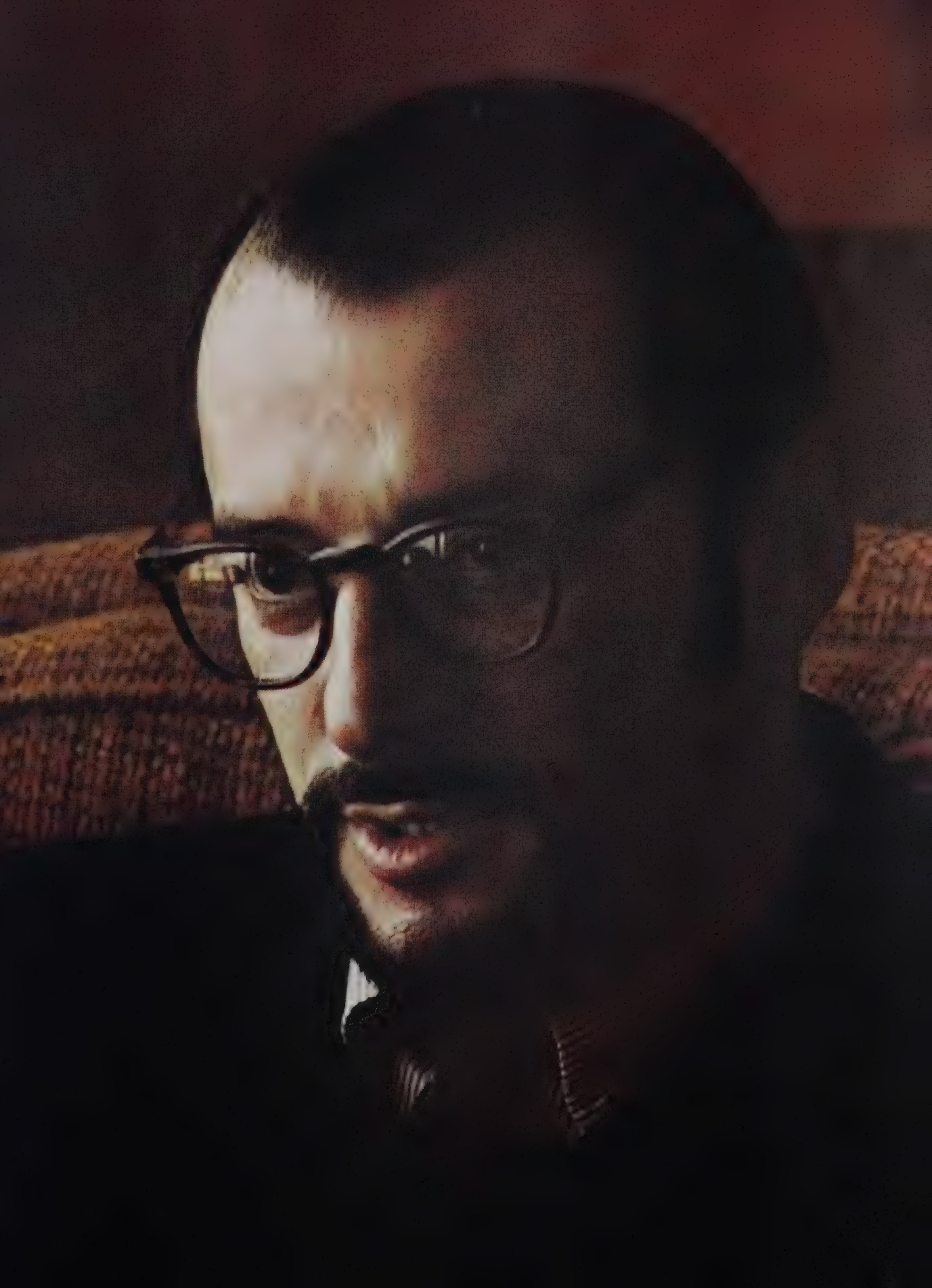
- Our principal commercial bank, Overseas Development Bank, Geneva, had a 183% jump in profits and ended the year with total assets of nearly SFrs. 275 million.

- Our principal investment banking affiliate, Investors Bank-Luxembourg, participated in 31 underwritings (15 as underwriter, 14 as selling group member and 2 as managing underwriter) during the year.

- Our newest bank, Orbis Bank in Germany, ended its first year of operations with a small profit and plans to open branches throughout Germany.

- Our real estate sales activities nearly tripled as Investors Development Corporation (Indevco) had a sales volume of \$35 million.

- In all, more than 250,000 persons throughout the world became clients of the IOS group of companies.





Besides this extraordinary growth, 1968 was also a year of development in depth for our Company. New products were created and made important contributions to our corporate profit picture.

In their first year of operation, Fonditalia and Investors Fonds, mutual funds organized expressly to meet the needs of investors in Italy and Germany, proved the significance of national funds to the future of IOS. Before long, we expect to have developed national investment vehicles for many of the major countries of the free world.

These developments reflect IOS's continued commitment to creative change and innovation—starting with The Fund of Funds and IIT—continuing with our own proprietary funds—and leading to a broad series of national funds.

Innovative ideas have led to the diversification of our activities to the point where IOS has, in effect, become an industry in itself, encompassing investment companies, insurance, commercial banking, investment banking and real estate. To make the smooth functioning of IOS possible, we have significantly increased our international capabilities in administration, in computer programming and processing, and in publishing.

Further evidence of IOS' leading role in the field of international finance was the enthusiastic response of the investing public to the offering of 20% of the shares





of Investors Overseas Services Management Limited, a holding company owning all of the shares of the management companies of The Fund of Funds, IIT and Regent Fund. Shares were first offered on May 20, 1968 at (Cdn.) \$12.50 and at year-end were being traded at (Cdn.) \$84.*

Sir Eric Wyndham White K.C.G.M., the distinguished former Director-General of the General Agreement on Tariffs and Trade (GATT), joined the Board of I.O.S., Ltd. (S.A.) as did Dr. Erich Mende, former Vice Chancellor of West Germany and leader of the German Free Democratic Party, and Martin Brooke, a Director in the London merchant bank of Guinness, Mahon Co., Ltd. Also elected to the Board were Barry Sterling, President of IOS Financial Holdings Limited, and Martin Seligson, President of Indevco.

FUND SALES AND MANAGEMENT

It takes a mature and strong organization to make innovations succeed, and in its sales and investment management organizations IOS has attained a remarkable blend of maturity and strength.

Investors Overseas Services Limited, the principal sales subsidiary of I.O.S., Ltd. (S.A.), maintains directly and through its affiliates more than 180 regional sales, administrative and information offices on all six continents. More than 10,000 professional associates, supervisors and managers provide continuing service to nearly 750,000 IOS clients.

*Without adjustment to reflect the three-for-one stock split in April of 1969.



The Fund of Funds, with investments concentrated in the United States, rose from \$618 million to \$797 million in total net assets. Net asset value per share grew from \$24.13 to \$26.93, representing a gain of 11.6% compared to a 7.9% gain in the Dow Jones Industrial Average.

IIT, an International Investment Trust, with investments in 10 countries at year-end 1968, had even more impressive growth as total net assets climbed from \$186 million to \$474 million. Net asset value per share rose by 14.5% to \$10.21.

Regent Fund, investing both in the United States and Canada, had an increase in net assets during the year from (Cdn.) \$27 million to (Cdn.) \$68 million. Net asset value per share increased 17.9% to (Cdn.) \$12.40.

The Fund of Funds Sterling, investing exclusively in the Sterling area, ended the year with total net assets of £17,374,808 compared with £11,381,525 in 1967. Net asset value per share rose by 49.3%, making the fund an outstanding performer among Sterling area investment vehicles.

Fonditalia in its first full year of operation increased in size from just over a million dollars to \$57 million.

Investors Fonds, our German fund, began operations in March 1968 and had total net assets of \$14 million by year-end.

A significant development of 1968 was the continuing extension of IOS money management to new

James Roosevelt, eldest son of President Franklin D. Roosevelt, is President of I.O.S. Development Company, Ltd., FOF Management Company Limited and Fonditalia Management Company S.A., a Director of I.O.S., Ltd. (S.A.) and an officer and director of various IOS subsidiary companies.



All these shares having been sold, this announcement appears as a matter of record only.

New Issue



May 20, 1968

\$ (Cdn.) 7,500,000

INVESTORS OVERSEAS SERVICES MANAGEMENT LIMITED

(Incorporated under the laws of the Province of Ontario)

600,000 shares

This issue has been distributed in the United Kingdom and Continental Europe by a
Special Selling Group, including the following:

Amsterdam-Rotterdam Bank N. V. • Banque Rothschild • Banque de Suez et de l'Union des Mines
Cazenove & Co. • Crédit Suisse • Drexel Harriman Ripley Incorporated
Guinness Mahon & Co. Limited • Investment Analysis Ltd. • Joseph Sebag & Co.
Pierson, Heldring & Pierson

A. E. Ames & Co., Ltd. • Banca del Ceresio • Bankhaus I.D. Herstatt K.G.a.A.
Bankhaus Schneider & Münzing • Banque Commerciale S.A. • Banque de l'Union Parisienne
Banque Internationale à Luxembourg • Banque Pariente • Banque Privée S.A.
Banque Troillet & Cie à Luxembourg S.A. • L. G. Beaubien & J. L. Lévesque Inc.
British & Continental Banking Company Limited • Caisse d'Epargne du Valais
Cambio + Valorenbank • Cosmos Bank • Delafield & Delafield S.A.R.L. • Emanuel, Deetjen S.A.
G. S. Herbert & Sons • International Crédit Bank Geneva • Investors Bank Luxembourg S.A.
James Capel and Co. • Kitcat & Aitken • Laing and Cruickshank
London & Dominion Trust U.K. Ltd. • Nesbitt, Thomson Securities Limited
Norris Oakley Richardson & Glover • N.V. Slavenburg's Bank • Pinto & Cie
P. N. Kemp-Gee & Co. • Promofina S.A. • Rowe & Pitman • Ufitec International Limited
Wallace Brothers & Co. (Holdings) Ltd. • W. C. Pitfield & Co. (London) Limited
Wm. Brandt's Sons & Co. Ltd. • Wood Gundy Securities Limited • Worms et Cie

Underwritten by:

J. H. Crang & Co.

Toronto, Ontario, Canada

fields. A natural resources fund was created in April of 1968 as a new proprietary fund for The Fund of Funds, and arrangements were completed to add a commodities fund at the beginning of 1969.

Over the last three quarters of 1968, the Natural Resources Fund was among the best-performing of all IOS-managed funds and at year-end the Fund held a major interest in what promises to be perhaps the most exciting investment ever made under IOS management. As of this writing, the Natural Resources Fund holds a 50% interest in nearly 20 million net acres of oil and natural gas exploratory properties in the Pan-Arctic area of Northern Canada — an area where preliminary drilling by Dome Petroleum Corporation and other major hydrocarbon companies indicates the presence of enormous oil reserves. This investment, made at a cost of approximately \$10 million, could have an important impact on the profits and performance of The Fund of Funds.

Plans were completed in 1968 to launch a series of new international and national investment vehicles in 1969. These will include: an International Venture fund, which will concentrate its investments and seek out special situations; a Canadian Venture fund, which will emphasize investments in “incubating” companies and special situations; closed-end investment companies to invest in real estate and in natural resources; and Australian, French, Spanish, Swedish



and other national funds. As of this writing, most of these investment vehicles are already successfully under way.

On May 20, 1968, 20% of the stock of Investors Overseas Services Management Limited was offered to the public by a group of leading United Kingdom and European banking institutions at a price of (Cdn.) \$12.50 per share. This company then held all of the stock of the management companies of The Fund of Funds, IIT and Regent Fund. In November of the year, when the total net assets of Fonditalia had exceeded the \$50 million mark, the public company also acquired the shares of Fonditalia Management Company.

There was wide-spread market interest in the stock of Investors Overseas Services Management Limited and the stock has had a sharp increase in price. The shares are listed on the Amsterdam, Luxembourg and Toronto Stock Exchanges, have been granted unlisted trading privileges on the London Stock Exchange and are actively traded on the over-the-counter markets throughout Europe.

INSURANCE

During 1968, consolidated insurance in force with The International Life Insurance Company (ILI) rose from \$556 million to \$860 million, an increase of 54.7%. Total lives insured increased from 78,800 to 104,400, while the assets of our insurance group dou-



The Dusseldorf office of Orbis Bank was one of two branches opened in Germany in 1968. Four additional branches of Orbis Bank will be opened in 1969.

bled from \$56 million to \$126 million. ILI (U.K.) sales were \$187 million — \$52 million above 1967 — and ILI (Luxembourg) sales, including program completion insurance for IOS Investment Programs, amounted to \$230 million, a gain of nearly \$58 million over the previous year. The Dover Plan, the UK Company's equity-linked life insurance policy, had assets of \$110 million on December 31, 1968, an increase of \$62 million over the previous year, and the underlying Equity Unit Account showed a 40.86% appreciation during the year.

Plans have been made for major expansion and product diversification in 1969. Two new insurance products are to be marketed — the Dover Executive Pension Policy, a retirement pension policy for corporate executives, and the Dover Capital Insurance Policy, a fully pre-paid policy. Legal requirements were completed to launch a major subsidiary, De Internationale Verzekering Maatschappij N.V. (IVM), a Netherlands insurance company offering equity-based life insurance.

COMMERCIAL AND INVESTMENT BANKING

Overseas Development Bank, Geneva (ODB) with branch offices in London and Luxembourg, is the principal IOS commercial bank. During the year 1968, its paid in capital and reserves increased nearly 100% from SFrs. 11,610,000 to SFrs. 21,610,000. Total assets of the Bank more than doubled to SFrs. 272,680,000,



while net profits nearly tripled to SFrs. 2,612,000. ODB had nearly 20,000 depositors at year-end. Based on its continuing growth, ODB is becoming an important Swiss bank in terms of size and activity.

Early in 1968, Orbis Bank, Germany, began operations in Munich. Serving general commercial accounts as well as IOS clients and associates, the success of the Bank has been immediate. A branch office was opened during the year in Dusseldorf, and by year-end additional branches were being planned for Frankfurt, Hamburg and Cologne. In its first year of operations, Orbis Bank realized a small profit.

In May of 1968, Investors Bank-Luxembourg, began its activities in the underwriting of securities. During the last eight months of the year, Investors Bank and its Bahamas affiliate, Investors Overseas Bank Limited, participated in a total of 31 underwritings. Before the end of 1968, Investors Bank had successfully managed two Eurodollar offerings involving \$60 million of convertible debentures. Underwritings aggregating more than a quarter of a billion dollars are planned for 1969.

In March of 1968, all of the banking and bank-related activities within the IOS group were placed under IOS Financial Holdings Limited, a newly-organized English company. During the year, the consolidated profits from the banking operations were in excess of \$1.3 million.



Commercial and investment banking is an area where we may expect our most impressive growth in the years to come.

REAL ESTATE

Investors Development Corporation (Indevco) showed the greatest growth of all our subsidiaries in 1968 and completed plans for an even more ambitious program in 1969.

Sales volume jumped 192% to \$35 million. Construction started on Playamar II, the second section of our luxury resort apartment complex on the Costa del Sol. When completed, the 21-building complex will include two clubs, swimming pools, and tennis and golf facilities. Construction also began on the Hemispheres, a \$46 million apartment project located in Hallandale, Florida, near Miami Beach, which when completed will include 1,292 apartments, a beach club, a yacht club, a 400-seat auditorium, a 200-seat restaurant, and a complete range of recreational facilities. The project fronts on both the ocean and the inland waterway allowing for every kind of boating facility. The project is scheduled for completion in the Spring of 1970.

During 1968, 180 acres of land across the bay from the Hemispheres was acquired. The land was filled and graded during 1968 and a 23-acre artificial lake was created. The land will be used for a high rise apartment community to be called The Waterways. Indevco will market a \$50 million 1,400 unit project called The



A view of Playamar, Indevco's luxury apartment complex in Torremolinos on Spain's Costa del Sol.



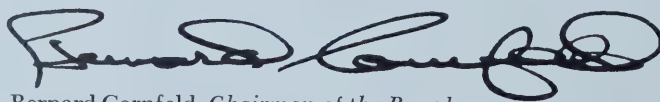
Indevco's U.S. condominium complex is under construction near Hallandale, in Florida's Miami Beach area.

Cascades to be built on the shores of the lake. Apartment sales are expected to begin in late 1969.

In addition, Indevco is supervising the development of two 450-unit retirement communities in Germany (outside of Hamburg and Munich) and a 13-story luxury office building, ILI House, under construction in downtown Nairobi, Kenya.

This, then, was the year 1968. The year IOS put more capital to work more successfully than ever before. It saw the first step taken toward public ownership of IOS.

The base we have developed in 1968 and prior years is sound, but our most precious asset is people. We pride ourselves on having in IOS more talented people with a greater degree of motivation than has ever been assembled in the financial service industry. With their continuing contributions, we believe that our future growth and future profitability is virtually unlimited.

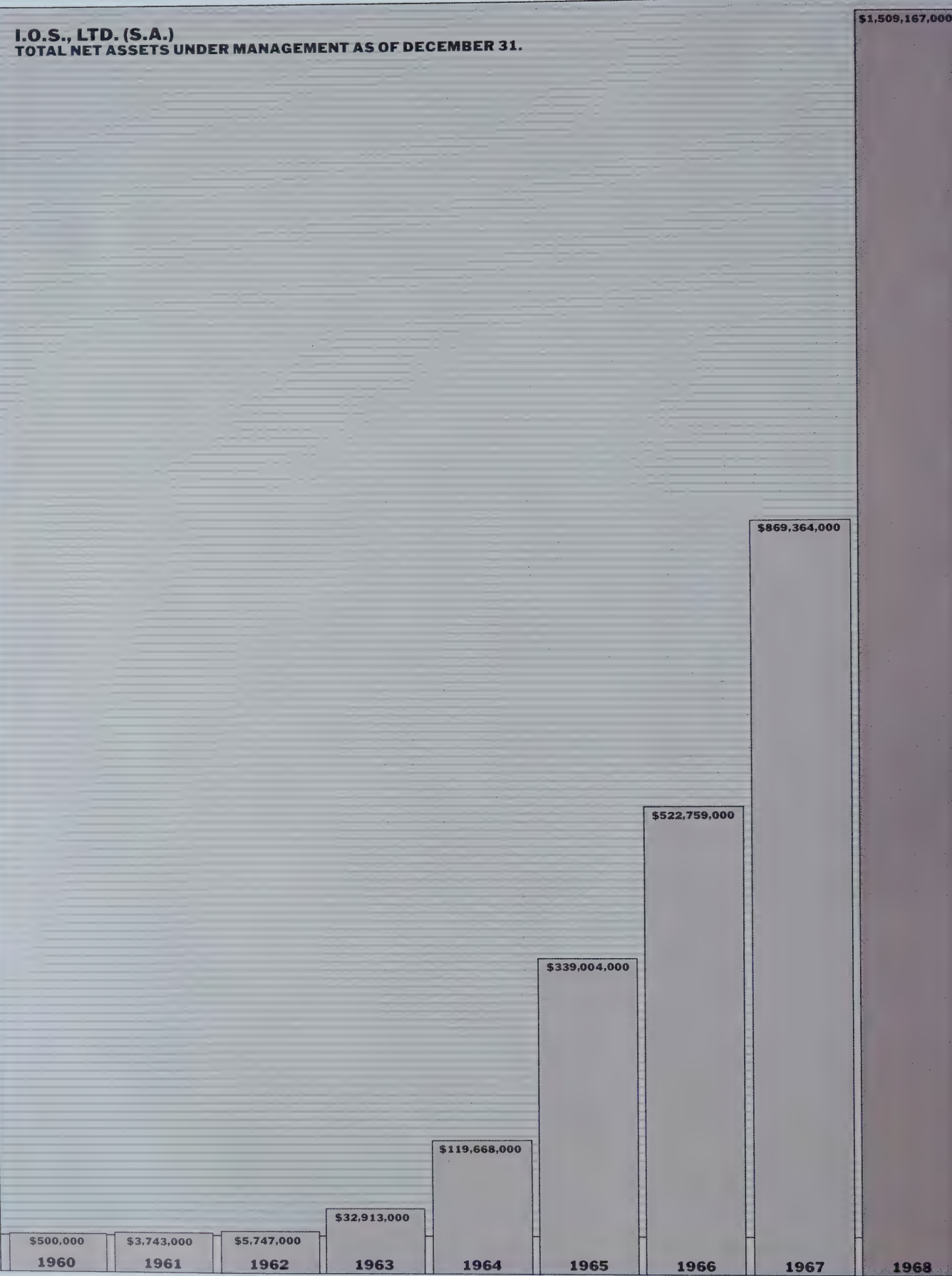
A handwritten signature in black ink, appearing to read "Bernard Cornfeld", with a stylized, flowing script.

Bernard Cornfeld, *Chairman of the Board*

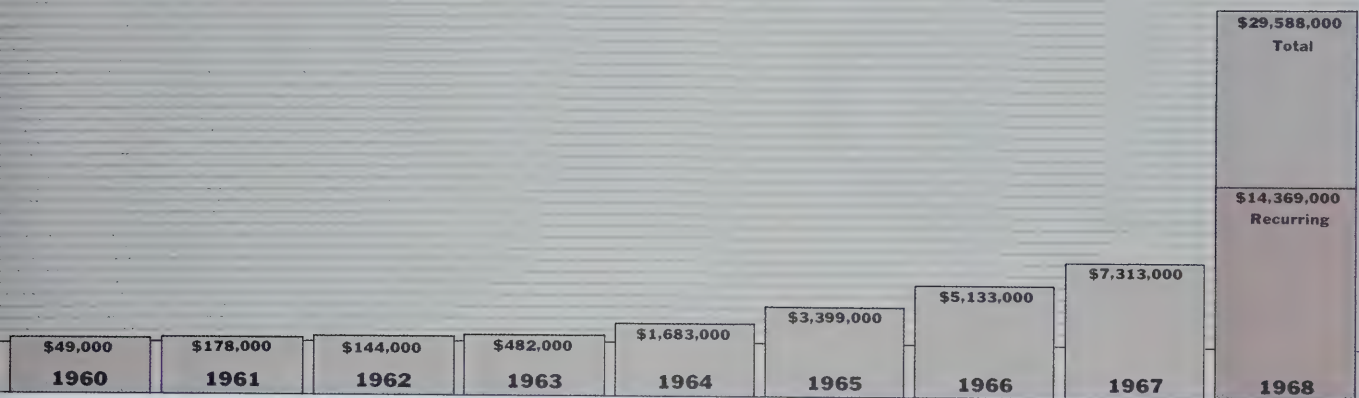
**AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 1968 AND 1967**

I.O.S., Ltd. (S.A.) and Subsidiaries
Investors Development Corporation Limited
The International Life Insurance Company, S.A. and Subsidiaries
IOS Financial Holdings Limited and Subsidiaries

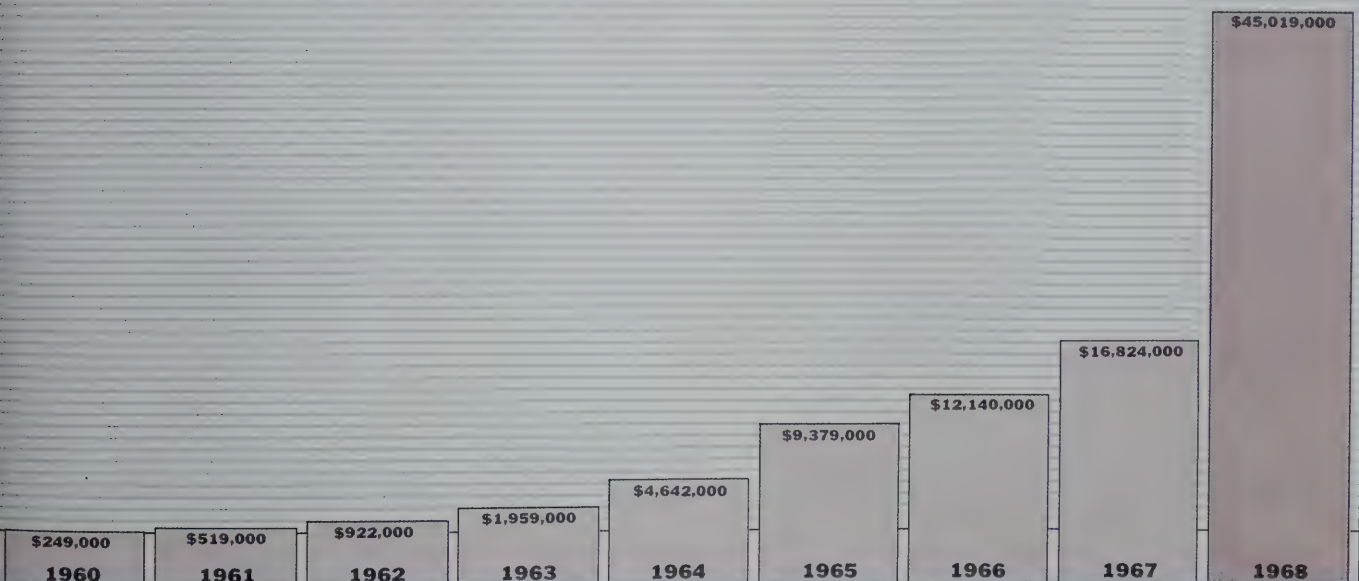
I.O.S., LTD. (S.A.)
TOTAL NET ASSETS UNDER MANAGEMENT AS OF DECEMBER 31.



I.O.S., LTD. (S.A.)
CONSOLIDATED NET INCOME FOR THE YEARS ENDING DECEMBER 31.



I.O.S., LTD. (S.A.)
CONSOLIDATED NET WORTH AS OF DECEMBER 31.



I.O.S., LTD. (S.A.) AND SUBSIDIARIES**CONSOLIDATED BALANCE SHEETS — DECEMBER 31, 1968 AND 1967**

	1968	1967 (Restated— Note 1)
ASSETS		
CURRENT ASSETS:		
Cash, less amounts segregated for client trustee accounts (Note 5)	\$17,266,300	\$ 5,672,800
Securities at cost—		
Affiliated mutual funds (quoted market \$2,289,300 in 1968 and \$1,484,200 in 1967)	1,670,300	1,106,100
Convertible debentures of subsidiary	481,300	—
Other securities (quoted market \$1,504,800)	—	1,503,500
Receivables—		
Proceeds of sale of Investors Planning Corporation (Note 4)	7,989,900	—
Proceeds of public sale of shares of Investors Overseas Services Management Limited	3,200,000	—
Commissions, management fees, etc.	2,678,600	1,402,400
Associates' debit balances, less reserves of \$994,500 and \$797,900	2,104,700	2,660,100
Client accounts	1,152,500	709,400
Officers, directors and employees	790,200	372,900
Total current assets	<u>\$37,333,800</u>	<u>\$13,427,200</u>
INVESTMENTS IN AND RECEIVABLES FROM UNCONSOLIDATED SUBSIDIARIES,		
at cost plus equity in undistributed earnings (Note 1)	<u>\$20,658,300</u>	<u>\$11,942,700</u>
PROPERTY, LEASEHOLD IMPROVEMENTS AND EQUIPMENT,		
at cost less accumulated depreciation and amortization of \$1,313,500 and \$742,600	<u>\$ 4,635,300</u>	<u>\$ 4,105,900</u>
OTHER ASSETS:		
Branch working funds	\$ 1,192,900	\$ 958,800
Prepayments, deposits, other advances, etc.	1,161,700	548,800
Advances to affiliates	394,500	700,000
Organization expenses, in process of amortization	43,600	182,500
	<u>\$ 2,792,700</u>	<u>\$ 2,390,100</u>
	<u>\$65,420,100</u>	<u>\$31,865,900</u>

The accompanying notes are an integral part of these statements. All amounts are stated in U.S. dollars, rounded to the nearest hundred dollars.

LIABILITIES AND STOCKHOLDERS' INVESTMENT	1968	1967 (Restated— Note 1)
CURRENT LIABILITIES:		
Payables—		
Associates' commissions	\$ 7,061,300	\$ 2,987,400
Advance on future commissions	—	3,000,000
Advisory fees	2,754,100	1,817,100
Capital stock repurchases	1,817,600	1,463,200
Suppliers and others	1,172,500	706,100
Accrued expenses	6,818,100	2,398,400
Total current liabilities	<u>\$19,623,600</u>	<u>\$12,372,200</u>
IOS INVESTMENT PROGRAM CLIENT TRUSTEE ACCOUNTS:		
Funds in process of investment	\$ 7,378,300	\$ 8,232,400
Funds held in escrow under letters of intent, etc.	3,545,200	1,936,400
Amounts payable for liquidations	1,329,500	1,516,100
Prepaid life insurance premiums	1,099,400	804,100
	<u>\$13,352,400</u>	<u>\$12,489,000</u>
Less—Segregated cash and receivables for invested funds	<u>13,352,400</u>	<u>12,489,000</u>
	<u>\$ —</u>	<u>\$ —</u>
PAYABLE TO UNCONSOLIDATED SUBSIDIARIES	<u>\$ 550,500</u>	<u>\$ 2,188,900</u>
MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES	<u>\$ 226,700</u>	<u>\$ 481,100</u>
STOCKHOLDERS' INVESTMENT (Notes 2 and 3):		
Capital stock, authorized 10,000,000 shares, \$1.00 par value; issued 5,950,292 and 6,012,551 shares of which 329,809 and 365,479 shares are partially paid and held in escrow until fully paid	\$ 5,950,300	\$ 6,012,500
Consideration received in excess of par value	8,608,500	4,369,400
Less—Amounts due on stock subscriptions	<u>(3,785,200)</u>	<u>(2,910,100)</u>
	<u>\$10,773,600</u>	<u>\$ 7,471,800</u>
Retained earnings (\$700,000 and \$150,000 restricted for charitable contributions)	35,280,200	10,755,700
	<u>\$46,053,800</u>	<u>\$18,227,500</u>
Less—Treasury stock 102,824 and 181,058 shares at cost	<u>(1,034,500)</u>	<u>(1,403,800)</u>
	<u>\$45,019,300</u>	<u>\$16,823,700</u>
	<u>\$65,420,100</u>	<u>\$31,865,900</u>

I.O.S., LTD. (S.A.) AND SUBSIDIARIES**STATEMENTS OF CONSOLIDATED INCOME FOR THE YEARS ENDED DECEMBER 31, 1968 AND 1967**

	1968	1967 (Restated— Note 1)
INCOME—MUTUAL FUNDS:		
Commissions earned—		
IOS Investment Program	\$55,550,800	\$32,957,100
Other funds	5,950,700	4,161,400
	<u>\$61,501,500</u>	<u>\$37,118,500</u>
Less—Associates' commissions	38,653,100	22,593,900
Commission income	<u>\$22,848,400</u>	<u>\$14,524,600</u>
Management and service fees, interest, etc.	8,234,800	6,440,200
	<u>\$31,083,200</u>	<u>\$20,964,800</u>
OPERATING EXPENSES , including income taxes (Note 6)	30,471,900	22,819,500
	<u>\$ 611,300</u>	<u>\$ (1,854,700)</u>
EQUITY IN EARNINGS OF UNCONSOLIDATED SUBSIDIARIES:		
Liquidations Limited (Formerly Investors Overseas Bank Limited).....	\$ 2,081,100	\$ 1,357,300
Investors Development Corporation Limited	1,734,500	1,386,000
IOS Financial Holdings Limited	1,327,200	329,500
The International Life Insurance Company S.A.	1,001,600	375,100
Investors Planning Corporation	282,100	781,200
	<u>\$ 6,426,500</u>	<u>\$ 4,229,100</u>
INCOME—PROPRIETARY FUNDS:		
Advisory fees (net of \$3,554,000 and \$2,202,000 in sub-advisory and other expenses)	\$ 4,876,400	\$ 2,119,500
Commissions, dividends and interest	2,455,300	2,819,400
	<u>\$ 7,331,700</u>	<u>\$ 4,938,900</u>
Net income	<u>\$14,369,500</u>	<u>\$ 7,313,300</u>

STATEMENTS OF CONSOLIDATED RETAINED EARNINGS FOR THE YEARS ENDED DECEMBER 31, 1968 AND 1967

	1968	1967 (Restated— Note 1)
RETAINED EARNINGS , beginning of year	\$10,755,700	\$ 8,018,300
Add—Net income	14,369,500	7,313,300
Net gain resulting from public sale of shares of Investors Overseas Services Management Limited	10,658,600	—
Net gain on sale of Investors Planning Corporation	4,560,000	—
Deduct—Dividends paid	(276,800)	—
Excess of purchase price of retired capital stock over the aggregate amounts received upon issuance (Note 3)	<u>(4,786,800)</u>	<u>(4,575,900)</u>
RETAINED EARNINGS , end of year (\$700,000 and \$150,000 restricted for charitable contributions)	<u>\$35,280,200</u>	<u>\$10,755,700</u>

The accompanying notes are an integral part of these statements. All amounts are stated in U. S. dollars, rounded to the nearest hundred dollars.

NOTES TO FINANCIAL STATEMENTS, DECEMBER 31, 1968 AND 1967

1. CONSOLIDATION PRINCIPLES, INVESTMENTS, ETC.

The accompanying financial statements reflect I.O.S., Ltd. (S.A.)'s (the Company) investment and its interest in the profits and losses of all subsidiary banks, finance, insurance and real estate companies. The

accounts of all other significant subsidiaries are fully consolidated. Investments in and receivables from unconsolidated subsidiaries as reflected in the accompanying balance sheet include the following:

Subsidiary	DECEMBER 31, 1968		December 31, 1967	
	Direct and Indirect Interest	Investment Carrying Value	Direct and Indirect Interest	Investment Carrying Value
Overseas Development Bank	100%	\$ 5,773,500 ^(a)	100%	\$ 2,911,800
Overseas Development Bank (Bahamas) Limited	100%	342,900 ^(a)	100%	7,500
Overseas Development Bank (Sterling) Limited	100%	300,000 ^(a)	—	—
Orbis Bank GmbH	90%	680,300 ^(a)	90%	680,600
Investors Bank Luxembourg	100%	573,900 ^(a)	100%	117,800
IOS Acceptance Company Limited (formerly O.D.B. Acceptance Company Limited)	100%	471,100 ^(a)	100%	401,900
ICS Rediscount Corporation	100%	100,000 ^(a)	—	—
IOS Financial Holdings Limited	100%	1,122,500 ^(b)	—	—
The International Life Insurance Company S.A.	78%	3,002,200 ^(c)	78%	1,713,700 ^(c)
Liquidations Limited (formerly Investors Overseas Bank Limited).	100%	4,772,500 ^(d)	100%	1,479,400 ^(e)
Investors Development Corporation Limited	100%	3,271,400	100%	1,197,900
Investors Planning Corporation	—	—	81%	1,928,700
F.O.F. Proprietary Funds Ltd.	—	—	1%	1,022,700
Other	—	248,000	—	480,700
		<u>\$20,658,300^(f)</u>		<u>\$11,942,700^(f)</u>
Represented by:				
Direct and indirect interest		\$ 9,383,700		\$ 5,364,400
Accounts receivable		4,372,200		1,199,800
Undistributed earnings		6,902,400		5,378,500
		<u>\$20,658,300^(f)</u>		<u>\$11,942,700^(f)</u>

(a) Wholly-owned subsidiary of IOS Financial Holdings Limited (organized in 1968), except for Orbis Bank GmbH in which there is a 10% minority interest.

(b) After deduction of the investment and equity of the companies indicated by (a).

(c) Including the investment and equity of Liquidations Limited which owns 59% of The International Life Insurance Company.

(d) After deduction of underlying investment and equity of The International Life Insurance Company.

(e) After deduction of underlying investments and equity in The International Life Insurance Company, and Overseas Development Bank and Overseas Development Bank (Bahamas) Limited which were 100% owned by Liquidations Limited at December 31, 1967.

(f) Without deduction for amounts due to unconsolidated subsidiaries of \$550,500 in 1968 and \$2,188,900 in 1967 shown separately on the accompanying balance sheet.

In connection with the above, reference is made to the financial statements of IOS Financial Holdings Limited and subsidiaries, The International Life Insurance Company S.A. and subsidiaries and Investors Development Corporation Limited (all examined by Arthur Andersen & Co.) which are presented on sub-

sequent pages of the report.

The 1967 financial statements have been restated to account for Investors Planning Corporation, which was sold as of December 31, 1968, (see Note 4) on an equity basis. This change had no effect on net income or retained earnings.

I.O.S., LTD. (S.A.) AND SUBSIDIARIES

2. STOCK SUBSCRIPTION PLAN

Under "The IOS Stock Option Plan," executives, associates, and key employees are offered capital stock of the Company at prices as determined by a current valuation formula. As of December 31, 1968 the number of shares offered and not yet subscribed under this plan and other arrangements aggregated 86,584 at a weighted average price of approximately \$14.40. Shares issued under this plan may not be sold or transferred unless first offered to the Company at the latest quarterly formula price valuation. The majority of the Company's capital stock has been issued

under this plan.

In addition, the Company has entered into an agreement with an officer which provides for the future issuance of a total of 122,400 shares of capital stock or, at the Company's option, for the payment of an amount representing the valuation formula price of such shares at the time of exercise by the Company or the officer. Under certain conditions as provided by the agreement, the shares issued may be sold or transferred without being first offered to the Company.

3. CAPITAL CHANGES

A summary of changes in capital, for the two years ended December 31, 1968, is as follows:

	Capital Stock		Excess of Par Value
	Shares*	Amount	
Balance, December 31, 1966	3,075,676	\$3,075,700	\$4,264,800
100% stock dividend as of June 30, 1967	3,060,014	3,060,000	(3,060,000)
New issuances during 1967	339,835	339,800	3,279,000
	<u>6,475,525</u>	<u>\$6,475,500</u>	<u>\$4,483,800</u>
Retirement of repurchased capital stock	(462,974)	(463,000)	(114,400)
Balance, December 31, 1967	6,012,551	\$6,012,500	\$4,369,400
New issuances during 1968	457,101	457,100	5,079,800
Retirement of repurchased capital stock	(519,360)	(519,300)	(840,700)
Balance, December 31, 1968	<u>5,950,292</u>	<u>\$5,950,300</u>	<u>\$8,608,500</u>

*Including shares issued and held in escrow. All amounts are stated in U. S. dollars, rounded to the nearest hundred dollars.

The excess of purchase price over par value upon retirement of repurchased capital stock is allocated between capital surplus (captioned as "consideration received in excess of par value" in the accompanying financial statements) and retained earnings. On a specific identification basis, capital surplus is charged with the amount in excess of par value which was received upon original issuance of such capital stock,

and retained earnings is charged with the remainder of the excess.

By amendment to the articles of incorporation, approved by the stockholders in December, 1968, and registered in March, 1969, the Company increased its authorized capital stock from 10,000,000 to 20,000,000 shares of \$1.00 par value each.

4. DIVESTITURE OF INVESTORS PLANNING CORPORATION OF AMERICA

Under the settlement effective June 5, 1967 between the Company and the U.S. Securities and Exchange Commission, the Company, among other things, agreed to either sell its entire interest in Investors Planning Corporation of America to an unaffiliated person or to make arrangements, suitable to the S.E.C., to transfer operations and management control to an unaffiliated person.

Suitable arrangements were concluded during 1968 whereby the assets (subject to certain liabilities)

as of December 31, 1968, which constituted the domestic operations of Investors Planning Corporation were sold to an unaffiliated third party for an aggregate payment of an amount equal to the book value of the assets (in excess of certain liabilities), plus \$6,800,000. After consideration of minority interests, the sales proceeds to I.O.S., Ltd. (S.A.) amounted to \$7,989,900 including a note receivable due March 31, 1970, without interest, in the face amount of \$2,025,000. In accordance with the terms of the sales agreement

the note is held in escrow and is subject to reduction prior to or on the due date, by the amount of the Company's proportionate share of (a) any loss that might be incurred in the realization of the transferred current assets, or (b) any loss due to breach of the representations or warranties contained in the sales agreement. The agreement also provides that I.O.S., Ltd. (S.A.) will receive from the purchaser its proportionate share of any excess of realized assets over book value.

Simultaneously with the above sale, the Company also caused to be sold to the same party its entire interest (72%) in Pension Life Insurance Company receiving as consideration a note receivable due March 31, 1970, without interest, in the face amount of \$2,000,000 which amount, after estimated expenses

of sale, approximates the investment cost. In accordance with the terms of the sales agreement, the note is held in escrow and is subject to reduction in face amount, prior to or on the due date, if the net worth of Pension Life is subsequently determined to be less than the amount stipulated in the sales agreement. The investment in Pension Life Insurance was held by Liquidations Limited (formerly Investors Overseas Bank Limited).

Negotiations are currently in process with an unaffiliated party for the sale of those assets of Investors Planning Corporation which constitute the international division.

In the opinion of Company management, all of the above transactions will be concluded on favorable terms, without any loss to the Company.

5. RESTRICTIONS, GUARANTEES, CONTINGENCIES, ETC.

As of December 31, 1968, \$7,651,900 of cash was in time and call deposits. \$1,670,000 was in restricted deposits with various banks as collateral for guarantees made on behalf of the Company.

The Company has guaranteed bank loans and over-drafts to employees and third parties up to a maximum amount of \$1,550,000 as of December 31, 1968.

The Company has committed \$300,000 through

1971 as a contribution toward the construction of an international school in the community of Ferney-Voltaire, France.

Reference is made to Note 4 to these financial statements regarding contingencies which may reduce or increase the face amounts of notes received in connection with the sale of certain assets of Investors Planning Corporation and of the investment in Pension Life Insurance Company.

6. INCOME TAXES

During 1968 and 1967, the Company and its subsidiaries provided approximately \$2,230,000 and

\$1,445,000, respectively, for income and similar taxes.

AUDITORS' REPORT

To the Board of Directors and Stockholders, I.O.S., Ltd. (S.A.):

We have examined the consolidated balance sheets of I.O.S., LTD. (S.A.) (a Panamanian corporation) AND SUBSIDIARIES as of December 31, 1968 and 1967, and the related statements of consolidated income and retained earnings for the two years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of certain subsidiaries but we were furnished with reports of other auditors thereon. The assets and investments applicable to these subsidiaries represented approximately 3% and 27%, respectively, of the total consolidated assets as of December 31, 1968 and 1967, and their net income contributed 0% and 14%, respectively, to the 1968 and 1967 total consolidated net income. The information in Note 1

to the consolidated financial statements with respect to certain subsidiaries is presented on the basis of reports of other auditors.

In our opinion, based upon our examinations and the reports of other auditors as referred to above, the above-mentioned financial statements present fairly the financial position of I.O.S., Ltd. (S.A.) and subsidiaries as of December 31, 1968 and 1967, and the results of their operations for the two years then ended, in conformity with generally accepted accounting principles applied on a consistent basis after giving retroactive effect to the change explained in Note 1.

ARTHUR ANDERSEN & CO.

Zurich, Switzerland,
April 15, 1969.

INVESTORS DEVELOPMENT CORPORATION LIMITED**BALANCE SHEETS—DECEMBER 31, 1968 AND 1967**

ASSETS	1968	1967
CURRENT ASSETS:		
Cash, including \$2,225,600 in 1968 and \$468,800 in 1967 in affiliated banks.	\$ 2,267,200	\$ 539,700
Accounts receivable—		
Customers (Note 1)	\$12,337,800	\$5,420,900
I.O.S., Ltd. (S.A.)	2,733,900	427,500
Hemispheres Development Corporation	709,200	—
Other	31,400	42,800
	<u>\$15,812,300</u>	<u>\$5,891,200</u>
Saleable property, at cost which is lower than market	\$ 163,200	\$ 427,100
Total current assets	<u>\$18,242,700</u>	<u>\$6,858,000</u>
 NON-CURRENT CUSTOMERS' RECEIVABLES (Note 1)	 1,900,000	 1,600,000
 INVESTMENTS IN AND ADVANCES TO WHOLLY-OWNED SUBSIDIARIES,		
at cost, net of loss from operations in 1968	305,600	—
 OTHER ASSETS	 68,800	 81,100
	<u><u>\$20,517,100</u></u>	<u><u>\$8,539,100</u></u>

The accompanying notes are an integral part of these statements. All amounts are stated in U.S. dollars, rounded to the nearest hundred dollars.

LIABILITIES AND STOCKHOLDERS' INVESTMENT**1968**

1967

CURRENT LIABILITIES:

Accounts payable—

Due to contractors	\$10,882,100	\$6,411,500
Sales commissions due to Investors Overseas Services Limited.....	3,047,800	351,200
Due to affiliated companies	61,200	—
Other	56,700	—
	<u>\$14,047,800</u>	<u>\$6,762,700</u>

Accrued liabilities—

Transfer taxes	\$ 815,800	\$ 554,300
Other	341,000	24,200
	<u>\$ 1,156,800</u>	<u>\$ 578,500</u>
Total current liabilities	<u>\$15,204,600</u>	<u>\$7,341,200</u>

DEFERRED COMMISSION INCOME (Note 2)	<u>\$ 2,380,100</u>	<u>\$ —</u>
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STOCKHOLDERS' INVESTMENT:

Capital stock, authorized 1,500,000 shares at Bahamian \$2.86 par value each, of which 1,000 shares are issued and outstanding	\$ 2,800	\$ 2,800
Retained earnings (deficit)—		
Beginning of year	1,195,100	(190,900)
Net income	<u>1,734,500</u>	<u>1,386,000</u>
Total stockholders' investment	<u>\$ 2,932,400</u>	<u>\$1,197,900</u>
	<u>\$20,517,100</u>	<u>\$8,539,100</u>

INVESTORS DEVELOPMENT CORPORATION LIMITED**STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 1968 and 1967**

	1968	1967
SALES	\$13,537,100	\$11,969,400
COST OF SALES , including commissions to Investors Overseas Services		
Limited of \$1,121,800 in 1968 and \$958,500 in 1967	11,241,800	10,209,500
Gross profit	\$ 2,295,300	\$ 1,759,900
COMMISSION INCOME , net of \$165,000 to Investors Overseas		
Services Limited (Note 2)	257,000	—
	\$ 2,552,300	\$ 1,759,900
SELLING EXPENSES (Note 2)	185,200	110,000
ADMINISTRATIVE EXPENSES (Note 2)	654,200	342,300
Income from operations	\$ 1,712,900	\$ 1,307,600
OTHER INCOME , net	259,100	78,400
	\$ 1,972,000	\$ 1,386,000
LOSS FROM OPERATIONS OF SUBSIDIARIES	(237,500)	—
Net income	\$ 1,734,500	\$ 1,386,000

The accompanying notes are an integral part of these statements. All amounts are stated in U.S. dollars, rounded to the nearest hundred dollars.

NOTES TO FINANCIAL STATEMENTS, DECEMBER 31, 1968 AND 1967

1. CUSTOMERS' RECEIVABLES

The Company retains title on land sales until full payment is received. On sales of apartments and houses, title is registered upon completion of construction and retained by the Company until full payment is received. Receivables on sales of land

and residences represent approximately 4% and 88%, respectively, of aggregate customer receivables at December 31, 1968, and 8% and 86%, respectively, at December 31, 1967. In each year, the remainder is represented by receivables on furniture sales.

2. DEFERRED COMMISSION INCOME

During 1968, the Company's revenue was represented by sales of real estate of which it was the primary developer, and commissions on sales of real estate which is being developed by an affiliated company. In the latter case, the Company receives a sales commission of a stipulated percentage of the sales price of units sold. The sales commissions and applicable

expenses are recognized at the rate of the percentage-of-completion of the related development. Commissions received in excess of recognized income are shown as deferred commission income net of deferred administrative and selling expenses of \$118,900 and \$96,100, respectively.

AUDITORS' REPORT

To the Board of Directors and Stockholders, Investors Development Corporation Limited:

We have examined the balance sheets of INVESTORS DEVELOPMENT CORPORATION LIMITED {a Bahamas corporation and wholly-owned subsidiary of I.O.S., Ltd. (S.A.)} as of December 31, 1968 and 1967, and the related statements of income for the two years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the above-mentioned financial

statements present fairly the financial position of Investors Development Corporation Limited as of December 31, 1968 and 1967, and the results of its operations for the two years then ended, in conformity with generally accepted accounting principles consistently applied during the periods.

ARTHUR ANDERSEN & CO.

Zurich, Switzerland,
April 15, 1969.

THE INTERNATIONAL LIFE INSURANCE COMPANY, S.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS — DECEMBER 31, 1968 AND 1967

ASSETS	1968	1967
INVESTMENTS RELATING TO EQUITY UNIT ACCOUNT:		
Marketable securities, at market value	\$106,420,100	\$46,537,100
Cash less liabilities	7,786,800	3,224,400
	<u>\$114,206,900</u>	<u>\$49,761,500</u>
Less—		
Advance from general funds of the Company	(1,006,300)	(501,300)
Secured loan at 8% from non-affiliated bank	(1,006,900)	(1,010,500)
Capital gains tax equalization	(1,740,500)	—
	<u>\$110,453,200</u>	<u>\$48,249,700</u>
OTHER MARKETABLE SECURITIES:		
at cost (market value—\$675,600; 1967—\$501,400)	<u>\$ 498,500</u>	<u>\$ 387,900</u>
CASH (Note 1):		
Current accounts	\$ 644,400	\$ 1,544,200
Deposit accounts	10,168,900	3,169,300
	<u>\$ 10,813,300</u>	<u>\$ 4,713,500</u>
Total marketable securities and cash	<u>\$121,765,000</u>	<u>\$53,351,100</u>
RECEIVABLES:		
Due from reinsurers	\$ 268,100	\$ 308,500
Due from parent and affiliated companies	257,500	193,800
Other (including \$1,006,300 advance to Equity Unit Account; 1967—\$501,300)	1,229,500	697,400
	<u>\$ 1,755,100</u>	<u>\$ 1,199,700</u>
OTHER ASSETS:		
Advances to employees and agents	\$ 134,100	\$ 201,500
Prepayments and deposits	1,572,100	661,900
Equipment and leasehold improvements, at cost less depreciation of \$187,100 (1967—\$122,000)	634,800	611,900
	<u>\$ 2,341,000</u>	<u>\$ 1,475,300</u>
	<u>\$125,861,100</u>	<u>\$56,026,100</u>

The accompanying notes are an integral part of these statements. All amounts are stated in U.S. dollars, rounded to the nearest hundred dollars.

LIABILITIES AND STOCKHOLDERS' INVESTMENT**1968**

1967

POLICY RESERVES (Note 2):

Equity Unit Account	\$110,453,200	\$48,249,700
Other	3,591,800	1,452,500
	<u>\$114,045,000</u>	<u>\$49,702,200</u>

CURRENT LIABILITIES:

Premium deposits on policy applications in process and

prepaid premiums	\$ 4,621,200	\$ 1,775,000
Agents' commissions	693,700	556,200
Accounts payable and accrued liabilities	391,600	475,700
Policy claims	2,028,900	1,322,300
Taxation	448,300	158,300
Due to parent and affiliated companies	311,200	—
	<u>\$ 8,494,900</u>	<u>\$ 4,287,500</u>

STOCKHOLDERS' INVESTMENT:

Capital stock—

Authorized and outstanding—20,000 shares of par value \$50 each	\$ 1,000,000	\$ 1,000,000
Statutory reserve	<u>\$ 19,000</u>	<u>\$ 12,000</u>

Retained earnings—

Balance, January 1	\$ 1,024,400	\$ 549,100
Net income for the year	1,284,800	481,300
Transfer to statutory reserve	(7,000)	(6,000)
	<u>\$ 2,302,200</u>	<u>\$ 1,024,400</u>
Total stockholders' investment	<u>\$ 3,321,200</u>	<u>\$ 2,036,400</u>
	<u>\$125,861,100</u>	<u>\$56,026,100</u>

THE INTERNATIONAL LIFE INSURANCE COMPANY, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 1968 AND 1967

	1968	1967
PREMIUM INCOME	\$61,014,000	\$28,938,200
DEDUCT:		
Reinsurance premiums	\$ 778,100	\$ 561,600
Commissions	5,780,800	3,272,100
Claims, net of reinsurance	1,240,800	1,044,100
Surrenders and withdrawals	7,221,100	4,551,700
Added to policy reserves (Note 2)	40,986,900	15,193,200
	<u>\$56,007,700</u>	<u>\$24,622,700</u>
	\$ 5,006,300	\$ 4,315,500
 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	 4,076,000	 4,051,700
	\$ 930,300	\$ 263,800
Interest and investment income	579,500	212,800
Gain arising from devaluation of sterling	—	43,900
Income before taxation	<u>\$ 1,509,800</u>	<u>\$ 520,500</u>
 TAXATION (Note 3)	 225,000	 39,200
Net income	<u>\$ 1,284,800</u>	<u>\$ 481,300</u>

The accompanying notes are an integral part of these statements. All amounts are stated in U.S. dollars, rounded to the nearest hundred dollars.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 1968 AND 1967

1. CASH:

Cash includes \$1,803,200 (1967—\$2,086,700) deposited with affiliated banks.

2. POLICY RESERVES:

The reserve on Equity Unit Account is required to be maintained under the Companies' Dover Equity Plan policies. Other policy reserves have been determined by the Companies' independent actuaries.

The movement during the year was as follows—

	1968	1967
Balances, January 1	\$ 49,702,200	\$ 24,772,400
Allocation, per statements of income	40,986,900	15,193,200
Dividends and interest (net)	498,700	77,000
Appreciation in market value of securities	24,957,800	9,680,300
Management and investment advisory charges	(360,100)	(20,700)
Capital gains tax equalization	(1,740,500)	—
Balances, December 31	<u>\$114,045,000</u>	<u>\$ 49,702,200</u>

3. TAXATION:

Taxation expense comprises—

	1968	1967
Provision for Luxembourg taxes	\$ 35,000	\$ 31,000
Provision for deferred Luxembourg taxes on earnings retained by Bahama Islands subsidiary	74,600	65,000
United Kingdom taxation (relief)	115,400	(56,800)
	<u>\$ 225,000</u>	<u>\$ 39,200</u>

4. FOREIGN CURRENCIES:

The accounts of the United Kingdom subsidiary have been translated in terms of U. S. dollars on the following basis: (a) equipment and leasehold improvements, and related depreciation—at the rate ruling at date of

acquisition, (b) other assets and liabilities—at the rate ruling at the balance sheet date and (c) statement of income (except depreciation)—at the rate ruling at the applicable date.

5. INSURANCE IN FORCE:

The Companies had insurance in force at December 31, 1968, of \$860,390,000 before reinsurance.

AUDITORS' REPORT

To the Board of Directors and Stockholders, The International Life Insurance Company, S.A.:

We have examined the consolidated balance sheets of THE INTERNATIONAL LIFE INSURANCE COMPANY, S. A. (incorporated in Luxembourg) AND SUBSIDIARIES as of December 31, 1968 and 1967, and the related consolidated statements of income for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included the count or direct confirmation with custodian banks of certificates evidencing investments and related underlying securities, and such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheets and consolidated statements of income present fairly the financial position of The International Life Insurance Company, S.A. and Subsidiaries as of December 31, 1968 and 1967, and the results of their operations for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

ARTHUR ANDERSEN & CO.

London, E.C. 2,
March 24, 1969.

IOS FINANCIAL HOLDINGS LIMITED AND SUBSIDIARIES**CONSOLIDATING BALANCE SHEET — ASSETS — DECEMBER 31, 1968**

	Total Consolidated	Eliminations Dr. (Cr.) (Note 5)	Sub-Total
Cash and due from banks	\$43,868,200	\$ —	\$43,868,200
Cash in affiliated banks and related correspondent accounts	\$ —	\$ —	\$ —
Marketable securities, at cost which approximates market . . .	\$ 5,383,500	\$ —	\$ 5,383,500
Due from customers:			
Demand accounts	\$ 7,730,500	\$ —	\$ 7,730,500
Loans	31,055,800	—	31,055,800
	\$38,786,300	\$ —	\$38,786,300
Less—Reserve	(321,800)	—	(321,800)
	\$38,464,500	\$ —	\$38,464,500
Accounts receivable:			
Subsidiaries consolidated	\$ —	\$(2,058,800)	\$ 2,058,800
Affiliated companies	\$ 574,500	\$ —	\$ 574,500
Investment in subsidiaries, at cost (Note 1)	\$ —	\$(7,173,400)	\$ 7,173,400
Furniture and equipment, at cost	\$ 506,200	\$ —	\$ 506,200
Less—Accumulated depreciation	(190,700)	—	(190,700)
	\$ 315,500	\$ —	\$ 315,500
Accrued interest receivable and other assets	\$ 907,100	\$ —	\$ 907,100
	\$89,513,300	\$(9,232,200)	\$98,745,500

The accompanying notes are an integral part of this statement. All amounts are stated in U. S. dollars, rounded to the nearest hundred dollars.

IOS Financial Holdings Limited	Overseas Development Bank	IOS Acceptance Company Limited	Investors Bank- Luxembourg S.A.	Orbis Bank GmbH	Other Subsidiaries (Note 1)
\$ —	\$38,228,600	\$ 39,700	\$4,093,200	\$1,192,000	\$314,700
\$ 862,700	\$ (2,877,400)	\$ 1,441,300	\$ (190,600)	\$ 356,500	\$407,500
\$ 11,600	\$ 4,121,300	\$ —	\$ 994,300	\$ 256,300	\$ —
\$ —	\$ 7,597,800	\$ —	\$ 62,700	\$ 70,000	\$ —
—	11,208,800	18,849,800	437,600	559,600	—
\$ —	\$18,806,600	\$18,849,800	\$ 500,300	\$ 629,600	\$ —
—	(314,000)	—	—	(7,800)	—
\$ —	\$18,492,600	\$18,849,800	\$ 500,300	\$ 621,800	\$ —
\$ 19,200	\$ 1,151,400	\$ —	\$ 888,200	\$ —	\$ —
\$ —	\$ —	\$ 542,100	\$ —	\$ —	\$ 32,400
\$7,173,400	\$ —	\$ —	\$ —	\$ —	\$ —
\$ —	\$ 377,100	\$ —	\$ 20,100	\$* 109,000	\$ —
—	(168,200)	—	(5,300)	(17,200)	—
\$ —	\$ 208,900	\$ —	\$ 14,800	\$ 91,800	\$ —
\$ 234,000	\$ 573,600	\$ 32,000	\$ 66,400	\$ 1,100	\$ —
\$8,300,900	\$59,899,000	\$20,904,900	\$6,366,600	\$2,519,500	\$754,600

IOS FINANCIAL HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET—LIABILITIES AND STOCKHOLDERS' INVESTMENTS—DECEMBER 31, 1968

	Total Consolidated	Eliminations (Dr.) Cr. (Note 5)	Sub-Total
Deposits:			
Customers' demand accounts	\$21,259,400	\$ —	\$21,259,400
Customers' time accounts	11,584,700	—	11,584,700
Affiliates	12,175,800	—	12,175,800
Due to banks:			
Demand accounts	7,140,000	—	7,140,000
Time accounts	2,766,300	—	2,766,300
Loans, collateralized by customers' securities	17,525,200	—	17,525,200
Cashier's checks	3,565,800	—	3,565,800
Accounts payable:			
Subsidiaries consolidated	—	(2,058,800)	2,058,800
Affiliated companies	1,937,800	—	1,937,800
Other liabilities (Note 1)	2,857,900	—	2,857,900
	<u>\$80,812,900</u>	<u>\$ (2,058,800)</u>	<u>\$82,871,700</u>
Stockholders' investment:			
Capital stock (Note 2)	\$ 7,228,500	\$ (6,329,000)	\$13,557,500
Consideration received in excess of par value	144,700	(97,200)	241,900
Legal reserve	—	(31,900)	31,900
Special reserve	—	(359,800)	359,800
Undivided profits (Notes 1 and 3)—			
Beginning of year	—	(355,500)	355,500
Net income	1,327,200	—	1,327,200
Total stockholders' investment	<u>\$ 8,700,400</u>	<u>\$ (7,173,400)</u>	<u>\$15,873,800</u>
	<u>\$89,513,300</u>	<u>\$ (9,232,200)</u>	<u>\$98,745,500</u>

The accompanying notes are an integral part of this statement. All amounts are stated in U. S. dollars, rounded to the nearest hundred dollars.

IOS Financial Holdings Limited	Overseas Development Bank	IOS Acceptance Company Limited	Investors Bank- Luxembourg S.A.	Orbis Bank GmbH	Other Subsidiaries (Note 1)
\$ —	\$17,515,300	\$ —	\$3,043,500	\$ 700,600	\$ —
—	11,584,700	—	—	—	—
—	10,891,200	—	1,284,600	—	—
—	6,479,500	—	—	660,500	—
—	2,766,300	—	—	—	—
—	—	17,274,100	—	251,100	—
—	3,565,800	—	—	—	—
—	—	2,043,900	—	—	14,900
382,400	116,500	1,106,800	191,500	140,600	—
5,000	1,292,200	9,000	1,464,700	86,500	500
<u>\$ 387,400</u>	<u>\$54,211,500</u>	<u>\$20,433,800</u>	<u>\$5,984,300</u>	<u>\$1,839,300</u>	<u>\$ 15,400</u>
\$7,228,500	\$ 4,651,200	\$ 2,800	\$ 300,000	\$ 675,000	\$700,000
144,700	—	97,200	—	—	—
—	27,900	—	4,000	—	—
—	348,800	—	11,000	—	—
—	47,600	301,900	1,100	—	4,900
540,300	612,000	69,200	66,200	5,200	34,300
<u>\$7,913,500</u>	<u>\$ 5,687,500</u>	<u>\$ 471,100</u>	<u>\$ 382,300</u>	<u>\$ 680,200</u>	<u>\$739,200</u>
<u>\$8,300,900</u>	<u>\$59,899,000</u>	<u>\$20,904,900</u>	<u>\$6,366,600</u>	<u>\$2,519,500</u>	<u>\$754,600</u>

IOS FINANCIAL HOLDINGS LIMITED AND SUBSIDIARIES**CONSOLIDATING STATEMENT OF INCOME FOR THE PERIOD MARCH 29, 1968 (DATE OF INCEPTION)
TO DECEMBER 31, 1968 (NOTE 1)**

	Total Consolidated	Eliminations Dr. (Cr.) (Note 5)	Sub-Tota
INCOME:			
Interest, including \$71,200 from affiliates	\$4,154,100	\$ 491,000	\$4,645,100
Commission, including \$670,500 from affiliates	1,715,500	62,000	1,777,500
Income from marketable securities	263,900	—	263,900
Other	145,500	—	145,500
	<u>\$6,279,000</u>	<u>\$ 553,000</u>	<u>\$6,832,000</u>
EXPENSES:			
Administration	\$2,534,600	\$ —	\$2,534,600
Interest, including \$116,500 to affiliates	1,713,300	(491,000)	2,204,300
Provision for depreciation and amortization	333,600	—	333,600
Commission	71,100	(62,000)	133,100
Service fee	—	—	—
	<u>\$4,652,600</u>	<u>\$ (553,000)</u>	<u>\$5,205,600</u>
Income before taxes	\$1,626,400	\$ —	\$1,626,400
INCOME AND CAPITAL TAXES			
	299,200	—	299,200
Net income	<u>\$1,327,200</u>	<u>\$ —</u>	<u>\$1,327,200</u>

The accompanying notes are an integral part of this statement. All amounts are stated in U. S. dollars, rounded to the nearest hundred dollars.

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS, DECEMBER 31, 1968**1. PRINCIPLES OF CONSOLIDATION**

The accompanying consolidating financial statements reflect the accounts of IOS Financial Holdings Limited and its subsidiaries. The accounts of Overseas Development Bank (Sterling) Limited, Overseas Development Bank (Bahamas) Limited and ICS Re-discount Corporation, which are immaterial in consolidation, have been combined under the caption "Other Subsidiaries."

All subsidiaries are wholly-owned except for Orbis Bank GmbH in which there is a minority interest of ten percent amounting to \$75,600 which has been included in the accompanying financial statements under "Other liabilities."

IOS Financial Holdings Limited was incorporated on March 29, 1968, and purchased its investments

from I.O.S., Ltd. (S.A.). The contracted purchase price was equal to the net worth of the purchased companies at December 31, 1967. In accordance with the purchase agreement, IOS Financial Holdings Limited was entitled to all 1968 income generated by the acquired subsidiaries.

Accounts of subsidiaries maintained in currencies other than U.S. dollars have been converted into U.S. dollars at standard rates of exchange which closely approximate the prevailing exchange rates at year end.

Substantially all operating expenses of IOS Financial Holdings Limited have been allocated to its subsidiaries and are reflected in their accounts.

IOS Financial Holdings Limited	Overseas Development Bank	IOS Acceptance Company Limited	Investors Bank- Luxembourg S.A.	Orbis Bank GmbH	Other Subsidiaries
\$ 4,600	\$2,810,200	\$1,430,700	\$ 329,400	\$ 65,900	\$ 4,300
426,200	234,600	—	737,600	343,000	36,100
140,500	123,400	—	—	—	—
—	120,900	—	18,600	6,000	—
<u>\$ 571,300</u>	<u>\$3,289,100</u>	<u>\$1,430,700</u>	<u>\$1,085,600</u>	<u>\$ 414,900</u>	<u>\$ 40,400</u>
\$ 5,600	\$1,388,000	\$ 159,200	\$ 620,500	\$ 359,700	\$ 1,600
—	722,000	1,202,300	278,400	1,600	—
29,900	261,500	—	2,700	39,500	—
—	55,500	—	76,600	1,000	—
(4,500)	18,200	—	(18,200)	—	4,500
<u>\$ 31,000</u>	<u>\$2,445,200</u>	<u>\$1,361,500</u>	<u>\$ 960,000</u>	<u>\$ 401,800</u>	<u>\$ 6,100</u>
\$ 540,300	\$ 843,900	\$ 69,200	\$ 125,600	\$ 13,100	\$ 34,300
—	231,900	—	59,400	7,900	—
<u>\$ 540,300</u>	<u>\$ 612,000</u>	<u>\$ 69,200</u>	<u>\$ 66,200</u>	<u>\$ 5,200</u>	<u>\$ 34,300</u>

2. CAPITAL STOCK

The authorized capital stock of the Company is 50,000 shares of Swiss Francs 1,000 par value each. At De-

cember 31, 1968, 31,084 shares were outstanding.

3. UNDISTRIBUTED EARNINGS OF SUBSIDIARIES

In the event of dividend distributions by certain subsidiaries to the parent company, such distributions would be subject to non-refundable withholding taxes

deducted at source (ranging from 17 to 30 percent), which were not provided for in the accounts.

4. COMMITMENTS AND CONTINGENCIES—OVERSEAS DEVELOPMENT BANK

In the normal course of business there are outstanding various commitments and contingent liabilities (mainly bank guarantees) totalling approximately

\$1,315,000. No losses are anticipated as a result of these transactions.

IOS FINANCIAL HOLDINGS LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS, DECEMBER 31, 1968

5. ELIMINATIONS

All significant income and expense and balance sheet accounts resulting from transactions between companies within the consolidated group have been elim-

inated, including the parent company's investment in its subsidiaries which equalled the subsidiaries' net worth at December 31, 1967 (see Note 1).

AUDITORS' REPORT

To the Board of Directors and Stockholders, IOS Financial Holdings Limited:

We have examined the consolidated balance sheet of IOS FINANCIAL HOLDINGS LIMITED [an English corporation and a wholly-owned subsidiary of I.O.S., Ltd. (S.A.)] AND SUBSIDIARIES, and the individual balance sheets of IOS Financial Holdings Limited, Overseas Development Bank, IOS Acceptance Company Limited, and those companies included under "Other Subsidiaries" as of December 31, 1968, and the related statements of income for the periods then ended (from March 29, 1968, date of inception, for IOS Financial Holdings Limited; twelve months for the subsidiaries). Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the above-mentioned financial statements present fairly the financial positions as of December 31, 1968, and the results of operations for

the periods then ended of (1) IOS Financial Holdings Limited and subsidiaries, consolidated, and (2) IOS Financial Holdings Limited, Overseas Development Bank, IOS Acceptance Company Limited, and those companies included in "Other Subsidiaries," individually, all in conformity with generally accepted accounting principles. Also, in our opinion, the accounting principles applied in the financial statements of the subsidiaries are applied on a basis consistent with that of the preceding year.

We did not examine and we express no opinion as to the financial statements of Investors Bank-Luxembourg S.A. and Orbis Bank GmbH, whose statements are not material in relation to the consolidated statements. However, they were examined and reported upon by other auditors.

Zurich, Switzerland,
April 15, 1969.

ARTHUR ANDERSEN & Co.

**OFFICERS AND DIRECTORS
OF I.O.S., LTD. (S.A.),
SUBSIDIARIES AND MANAGED FUNDS**



I.O.S., LTD. (S.A.)

OFFICERS:

Bernard Cornfeld, *President*
Edward M. Cowett, *Executive Vice President*
Kent Gordis, *Vice President*
George Landau, *Vice President*
Sir Eric Wyndham White, *Vice President*
Melvin Lechner, *Treasurer*
Norman Rolnick, *Controller*
Edward J. Coughlin, Jr., *Secretary*
Jay F. Leary, *Assistant Secretary*
Lawrence Rosen, *Assistant Secretary*

DIRECTORS:

Bernard Cornfeld, *Chairman of Board*
Martin Brooke
C. Henry Buhl III
Allen R. Cantor
Edward M. Cowett
Harvey Felberbaum
Richard Hammerman
Erich Mende
Carlos Menendez
James Roosevelt
Martin Seligson
Barry Sterling
Sir Eric Wyndham White
Wilson W. Wyatt

INVESTORS OVERSEAS SERVICES LIMITED

OFFICERS:

Allen R. Cantor, *President*
Irving Freedman, *Senior Vice President*
Richard I. Gangel, *Senior Vice President*
George Landau, *Senior Vice President*
George Tregea, *Senior Vice President*
John Jessen, *Vice President*
W. Thad Lovett, *Vice President*
Robert O. Metzger, *Vice President*
Lawrence Rosen, *Vice President*
Richard Senn, *Vice President*
Gladis Solomon, *Vice President*
David C. James, *Assistant Vice President*
Edwin Price, *Assistant Vice President*
Antonio Ronconi, *Assistant Vice President*
Edward Wielgos, *Assistant Vice President*
Norman Rolnick, *Treasurer*
Roger Ratner, *Assistant Treasurer*
Abe Carmel, *Secretary*
Norman A. Farrar, *Assistant Secretary*

DIRECTORS:

Bernard Cornfeld, *Chairman of Board*
Joseph Becker
Fred Borlin
Allen R. Cantor
Edward M. Cowett
Harvey Felberbaum
Malcolm Fox
Richard I. Gangel
John Jessen
Roy D. Kirkdorffer
George Landau
Carlos Menendez
Othmar Nedoluha
James Roosevelt
Morton I. Schiowitz
Don Q. Shaprow
Gladis Solomon
George Tregea
Eli Wallitt
Ira Weinstein



INVESTORS OVERSEAS SERVICES MANAGEMENT LIMITED

OFFICERS:

C. Henry Buhl III, *President*
Edward M. Cowett, *Vice President*
Edward J. Coughlin, Jr., *Secretary*
Norman Rolnick, *Treasurer*
Melvin Lechner, *Assistant Treasurer*
Bruce Dickieson, *Assistant Treasurer*

DIRECTORS:

Bernard Cornfeld, *Chairman of Board*
C. Henry Buhl III
Allan F. Conwill
Edward J. Coughlin, Jr.
Edward M. Cowett
Murray J. Howe
Robert J. Pinchin
James Roosevelt

THE FUND OF FUNDS, LIMITED

OFFICERS:

Bernard Cornfeld, *President*
C. Henry Buhl III, *Vice President*
Edward M. Cowett, *Vice President*
Melvin Lechner, *Secretary & Treasurer*

DIRECTORS:

Bernard Cornfeld, *Chairman of Board*
Edmund G. Brown
C. Henry Buhl III
Allan F. Conwill
Edward M. Cowett
Pierre A. Rinfret
James Roosevelt
Eric Duff Scott
Wilson W. Wyatt

I.I.T. MANAGEMENT COMPANY S.A.

OFFICERS:

C. Henry Buhl III, *President*
Edward M. Cowett, *Vice President*
Jay F. Leary, *Secretary*
Melvin Lechner, *Treasurer*

DIRECTORS:

Bernard Cornfeld, *Chairman of Board*
Carl Johan Bernadotte
Martin Brooke
C. Henry Buhl III
Edward M. Cowett
Erich Mende
Beat Notz
Pierre A. Rinfret
James Roosevelt

Top left: Carlos Menendez, a General Manager for South America, is a Director of I.O.S., Ltd. (S.A.).

Top right: Sir Eric Wyndham White, a Vice President and Director of I.O.S., Ltd. (S.A.), is the former Director General of GATT.

Bottom: Martin Brooke, a Director of I.O.S., Ltd. (S.A.), is a Managing Director of Guinness Mahon and Co. Ltd.

I.O.S. REGENT FUND LTD.

OFFICERS:

James L. Schroeder, *President*
Ira G. Weinstein, *Senior Vice President*
Piter Poel, *Vice President*
Michael Cytrynbaum, *Secretary*
Denis René Desjardins, *Treasurer*

DIRECTORS:

Edward M. Cowett
James H. Crang
Michael Cytrynbaum
Robert MacLaren Fowler
Louis Audet La Pointe
Jean P. W. Ostiguy
Piter Poel
John L. Schroeder
Eric Duff Scott
Harry H. Stikeman
Wilson W. Wyatt

FONDITALIA MANAGEMENT COMPANY S.A.

OFFICERS:

James Roosevelt, *President*
C. Henry Buhl III, *Managing Director*
Jay F. Leary, *Secretary*
Melvin Lechner, *Treasurer*

DIRECTORS:

C. Henry Buhl III
Pasquale Chiomenti
Erich Mende
James Roosevelt
Wilson W. Wyatt

THE FUND OF FUNDS STERLING LIMITED

OFFICERS:

Bernard Cornfeld, *President*
C. Henry Buhl III, *Vice President*
Edward M. Cowett, *Vice President*
Jay F. Leary, *Secretary*
William Y. Sayad, Jr., *Assistant Secretary*
Norman Rolnick, *Treasurer*

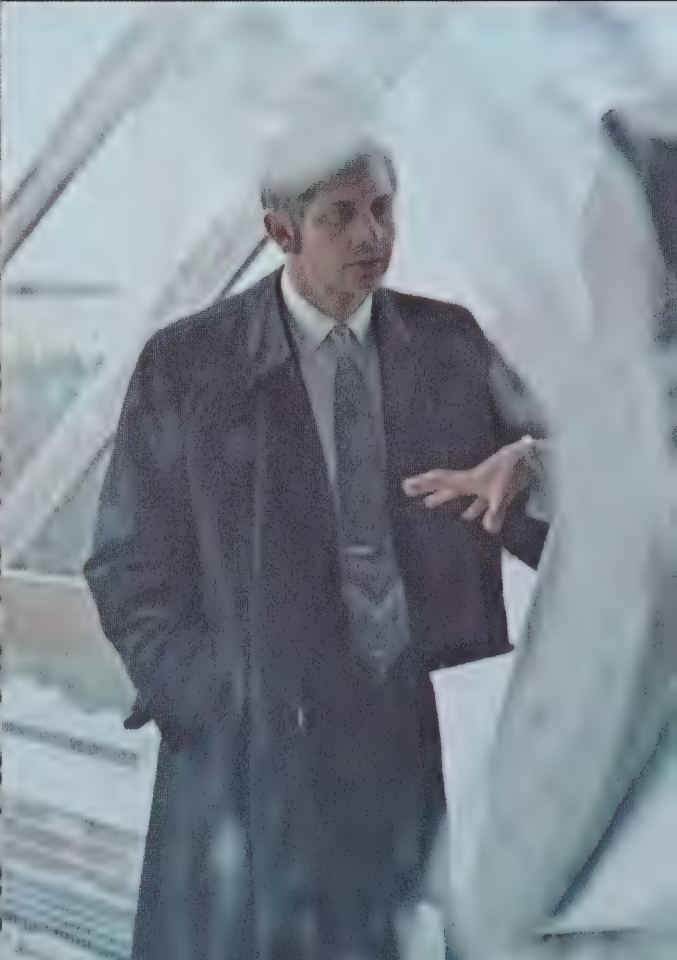
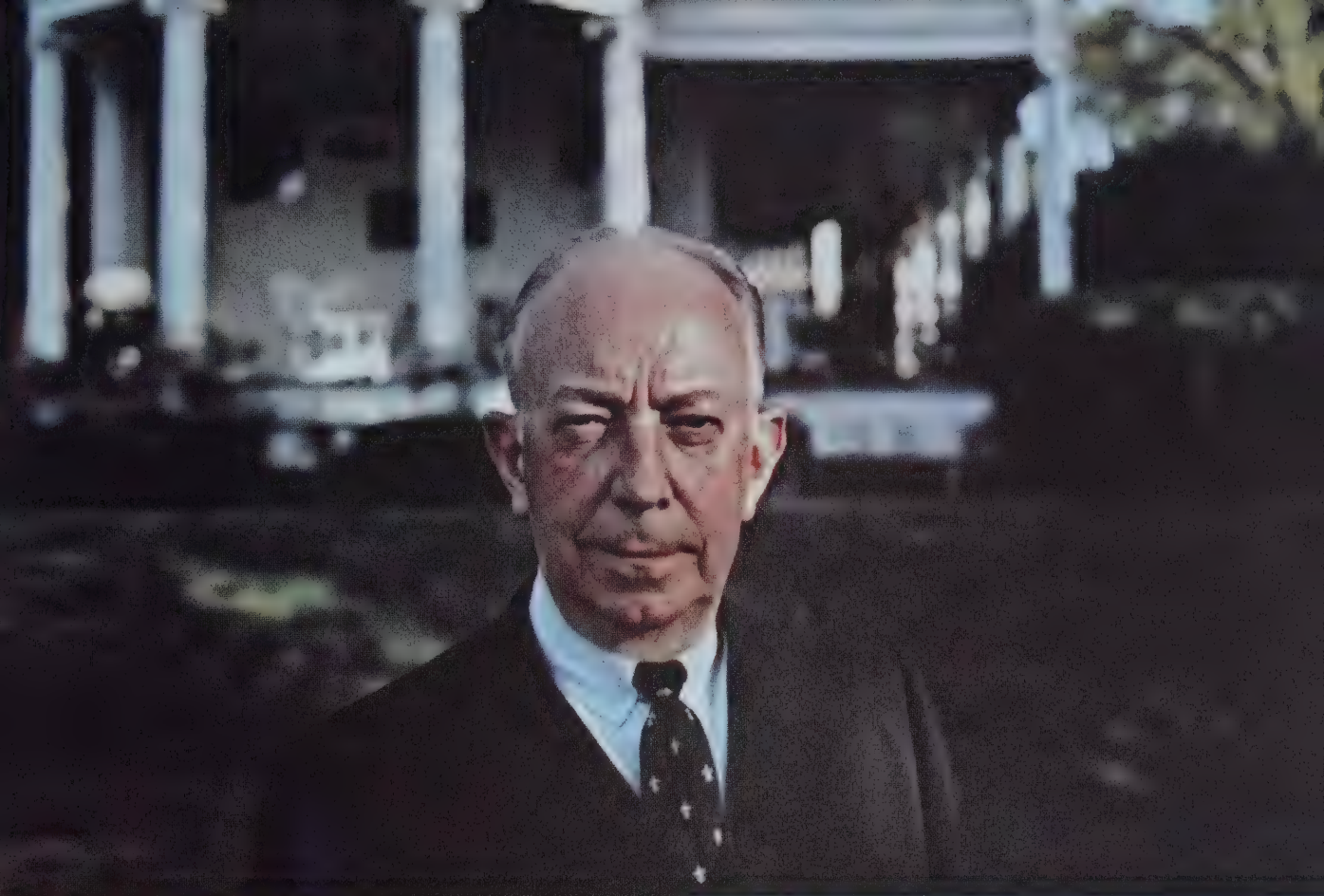
DIRECTORS:

Bernard Cornfeld, *Chairman of Board*
C. Henry Buhl III
Edward M. Cowett
Richard M. Hammerman
Arthur Lipper III
James Roosevelt
Sir Eric Wyndham White

Top: Wilson W. Wyatt, a Director of I.O.S., Ltd. (S.A.) is a former Lt. Governor of the State of Kentucky and U.S. Ambassador and is Senior Partner of the Louisville, Kentucky law firm of Wyatt, Grafton and Sloss.

Bottom left: Harvey Felberbaum, a director of I.O.S., Ltd. (S.A.), is the General Manager for Italy.

Bottom right: George Landau is in charge of IOS administration, is a Vice President of I.O.S., Ltd. (S.A.) and a Senior Vice President and Director of Investors Overseas Services Limited.





I.V.M. INVEST N.V.

DIRECTORS:

Richard M. Hammerman
G. Mosler
James Roosevelt

IOS VENTURE FUND (INTERNATIONAL) N.V.

OFFICERS:

C. Henry Buhl III, *President*
Allen R. Cantor, *Vice President*
Edward M. Cowett, *Vice President*
Mel Rosen, *Vice President*
Jay F. Leary, *Secretary*
Bruce Dickieson, *Treasurer*

DIRECTORS:

C. Henry Buhl III
Allen R. Cantor
Bernard Cornfeld
Edward M. Cowett
Jay F. Leary
James Roosevelt

I.O.S. VENTURE FUND LTD.

OFFICERS:

Ira G. Weinstein, *President*
Michael Cytrynbaum, *Secretary*
Denis René Desjardins, *Treasurer*

DIRECTORS:

C. Henry Buhl III
Bernard Cornfeld
Edward M. Cowett
Michael Cytrynbaum
Murray J. Howe
Jean P. W. Ostiguy
James Roosevelt
Eric Duff Scott
Harry H. Stikeman
Ira G. Weinstein

Top left: Melvin Lechner, Treasurer of I.O.S., Ltd. (S.A.).
Top right: Norman Rolnick, Controller of I.O.S., Ltd. (S.A.).
Bottom: Kent Gordis heads IOS's computer operations and is a Vice President of I.O.S., Ltd., (S.A.).





INVESTORS FONDS KAPITALANLAGEGESELLSCHAFT mbH**OFFICERS**

Victor Emanuel Preusker, *Geschaefsfuehrer*
Klaus Fischer, *Geschaefsfuehrer*

DIRECTORS:

Anselm Geigenberger
James Roosevelt
Hubert Thelen

INVESTORS DEVELOPMENT CORPORATION LIMITED (INDEVCO)**OFFICERS:**

Martin Seligson, *President*
Bruce Gifford, *Vice President*
Richard A. Palmer, *Vice President*
Arthur F. Adelson, *Vice President*
Kenneth L. Beaugrand, *Secretary*
Norman Rolnick, *Treasurer*

DIRECTORS:

Bernard Cornfeld, *Chairman of Board*
Allen R. Cantor
Edward M. Cowett
J. Clarence Davies, Jr.
Richard I. Gangel
Werner Kunkler
William Masse
Mario A. Perez
Harold Rosen
Martin Seligson

IOS FINANCIAL HOLDINGS LIMITED**OFFICERS:**

Barry Sterling, *President and Managing Director*
Philippe Doubre, *Vice President*
Ben J. Heirs, *Vice President*
Jacques Wittmer, *Secretary*
Melvin Lechner, *Treasurer*

DIRECTORS:

Bernard Cornfeld, *Chairman of Board*
Dibo Attar
Fred Borlin
C. Henry Buhl III
Edward M. Cowett
Philippe Doubre
Richard I. Gangel
Ben J. Heirs
Raimund Herden
James Roosevelt
Morton I. Schiowitz
Barry Sterling
Eli Wallitt

Top: Jay F. Leary, Assistant Secretary of I.O.S., Ltd. (S.A.).

Bottom left: Edward J. Coughlin, Jr., Secretary of I.O.S., Ltd. (S.A.).

Bottom right: Lawrence Rosen, Assistant Secretary of I.O.S., Ltd. (S.A.).

THE INTERNATIONAL LIFE INSURANCE COMPANY S.A.

OFFICERS:

Richard M. Hammerman, *President*
Barry Schwartz, *Vice President*
André Wolf, *Secretary*

DIRECTORS:

Bernard Cornfeld, *Chairman of Board*
Roberto Alazraki
Joseph Becker
Philip Bell
William Damroth
George Delacorte
Lambert Dupong
Richard I. Gangel
Philip Gordis
Richard M. Hammerman
Roy D. Kirkdorffer
Werner Kunkler
George Landau
William Masse
James Roosevelt
Barry Schwartz
André Wolf

IOS DEVELOPMENT COMPANY LIMITED

OFFICERS:

James Roosevelt, *President*
James Wine, *Executive Vice President*
Gordon West, *Vice President*
George Landau, *Vice President*
John Schuyler, *Secretary*
Norman Rolnick, *Treasurer*

DIRECTORS:

Bernard Cornfeld, *Chairman of Board*
John Bloomfield
C. Henry Buhl III
Edward M. Cowett
Harvey Felberbaum
Michael Gantous
Kent Gordis
Richard M. Hammerman
Ben J. Heirs
Werner Kunkler
George Landau
William Masse
Erich Mende
Carlos Menendez
James Roosevelt
Morton I. Schiowitz
Barry Sterling
George Tregua
Eli Wallitt
Sir Eric Wyndham White



Statements of Consolidated Income and Retained Earnings
for the six months ended June 30, 1968 and 1967 (Unaudited)

	1968	1967
	(000's omitted)	
<u>Income—Mutual Funds:</u>		
Sales Commissions earned—		
IOS Investment Program	\$22,988	\$13,491
Other Funds	2,917	2,632
	25,905	16,123
Less: Commissions Paid to Associates	16,543	9,635
Gross Commission Income	9,362	6,488
Management and service fees, interest, etc.	4,558	3,122
	13,920	9,610
<u>Operating Expenses</u> , including income taxes	12,424	9,861
	1,496	(251)
<u>Equity in earnings of unconsolidated subsidiaries:</u>		
Investors Overseas Bank	944	650
Investors Development Corporation	870	522
International Life Insurance Company	641	(40)
Investors Planning Corporation	420	22
IOS Financial Holdings Ltd.	418	172
Other	—	36
	3,293	1,362
<u>Income—Proprietary Funds:</u>		
Advisory fees (net of \$1,064,000 and \$833,000 in sub- advisory and other expenses	1,257	2,249
Net recurring income after taxes	6,046	3,360
<u>Non-Recurring Income</u> (representing income on sale of 20% of subsidiary)	5,957	—
Net income	\$12,003	\$ 3,360
<u>Retained Earnings</u> , beginning of year	10,756	8,018
Deduct—		
Dividend distribution of debentures	277	—
Retirement of Treasury shares	584	—
Excess of purchase price of retired capital stock over the aggregate amounts received upon issuance	2,333	2,190
<u>Retained Earnings</u> , end of period	<u>\$19,565</u>	<u>\$ 9,188</u>

**Financial Statements,
June 30, 1968 (Unaudited)
I.O.S., Ltd. (S.A.)
and Consolidated Subsidiaries**

Consolidated Balance Sheets — June 30, 1968 and 1967 (Unaudited)

Assets	1968 (000's omitted)	1967
<u>Current Assets:</u>		
Cash, less amounts segregated for trustee accounts	\$ 5,526	\$ (340)
Marketable securities	1,379	1,310
<u>Receivables—</u>		
Associates' debit balances, less reserves of \$938,000 and \$622,000	2,852	2,899
Commissions, securities sales, management fees, etc.	3,163	268
Client accounts	477	565
Officers, directors and employees	977	1,983
Dividends	888	—
Other	322	1,001
Total current assets	<u>\$15,584</u>	<u>\$ 7,686</u>
<u>Investments in and receivables from unconsolidated subsidiaries, at cost plus equity in undistributed earnings</u>	<u>\$13,739</u>	<u>\$ 7,794</u>
<u>Excess of cost over underlying book value of consolidated subsidiary</u>	<u>\$ 447</u>	<u>\$ 700</u>
<u>Property, leasehold improvements and equipment, at cost less accumulated depreciation and amortization of \$1,005,000 and \$490,000</u>	<u>\$ 4,014</u>	<u>\$ 2,436</u>
<u>Other Assets:</u>		
Branch working funds	\$ 1,214	\$ 852
Advances to affiliates	2,930	2,262
Prepayments, deposits, other advances, etc.	577	235
Organization expenses	95	76
	<u>\$ 4,816</u>	<u>\$ 3,425</u>
	<u><u>\$38,600</u></u>	<u><u>\$22,041</u></u>

Liabilities	1968 (000's omitted)	1967
<u>Current Liabilities:</u>		
<u>Payables—</u>		
Associates' commissions	\$ 2,721	\$ 1,516
Advisory fees	1,064	—
Capital stock repurchased	2,051	712
Suppliers and others	1,914	1,207
Accrued expenses	2,626	1,682
Total current liabilities	<u>\$10,376</u>	<u>\$ 5,117</u>
<u>IOS Investment Program Client Trustee Accounts:</u>		
Funds in process of investment	4,269	2,654
Funds held in escrow under letters of intent, etc.	1,873	1,580
Amounts payable for liquidations	1,383	1,301
Prepaid life insurance premiums	455	4,293
	<u>\$ 7,980</u>	<u>\$ 9,828</u>
Less—Segregated cash and receivables for invested funds	<u>\$ 7,980</u>	<u>\$ 9,828</u>
	—	—
<u>Payable to unconsolidated subsidiaries</u>	<u>\$ 1,016</u>	<u>\$ 1,476</u>
<u>Stockholders' Investment:</u>		
Capital stock, authorized 10,000,000 shares, \$1.00 par value; issued 5,856,000 and 6,120,000 shares	\$ 5,856	\$ 6,120
Consideration received in excess of par value	5,690	3,168
Less—Amounts due on stock subscriptions	(3,154)	(1,703)
	8,392	7,585
Retained earnings	19,565	9,188
	27,957	16,773
Less—Treasury stock, at cost	(749)	(1,325)
	<u>\$27,208</u>	<u>\$15,448</u>
	<u><u>\$38,600</u></u>	<u><u>\$22,041</u></u>